The Empire Club of Canada

Founded 1903

Addresses
1988-1989

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The Empire Club of Canada

1988-1989
85th Year

HER MAJESTY, QUEEN ELIZABETH II
HIS ROYAL HIGHNESS, PRINCE PHILIP,
DUKE OF EDINBURGH
on the occasion of their 40th wedding anniversary.

The Empire Club Of Canada

Founded 1903

Addresses 1988-1989

GOD SAVE THE QUEEN

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(416) 364-2878

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†1916-1917	James Black Perry
†1917-1918	Norman Sommerville, M.A., K.C.

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†*Deceased*

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† 1919	R.A. Stapells
† 1920	Arthur Hewitt
† 1921	Brig.-Gen. C.H. Mitchell, C.B., C.M.G., D.S.O., LL.D.
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†1951-1952	D.H. Gibson, C.B.E.
1952-1953	John W.F. Griffin
1953-1954	Arthur E.M. Inwood
1954-1955	James H. Joyce
†1955-1956	C.C. Goldring, D. Paed., LL.D.

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†*Deceased*

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†1957-1958	Lt.-Col. W.H. Montague, O.B.E.
1958-1959	Maj.-Gen. B.J. Legge, C.M.M., C.M., K.St.J., E.D., C.D., Q.C.
1959-1960	Harold R. Lawson, F.S.A.
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1987-1988	Ronald Goodall, FCA

---

†*Deceased*

TONY VAN STRAUBENZEE
President, 1988-89

The Empire Club of Canada

PRESIDENT'S FOREWORD

The Empire Club attempts to invite speakers who are visible individuals with messages of import on matters about which we should be informed.

Toronto has become an important world-class meeting place. It behooves the Club to participate in any events of international or national significance. This year the G7 countries chose Toronto as their venue and we were privileged to have President Reagan of the United States as our guest. To have one of the world's most powerful leaders as a speaker is a great tribute to the esteem in which this club is held. In addition we had Hajime Tamura of Japan. As our century enters its last decade the Pacific Rim is growing in significance and therefore the views of the Japanese are critical to us.

In another important area of the world, we have watched with more than just a passing interest the tremendous changes taking place in the Eastern bloc countries. So it was an honour to have the Prime Minister of Hungary, Karoly Grosz, visit us. His country was later to pave the way for the exodus of thousands of East Germans to the West. Hungary has now moved from a ruling Communist party to a social democratic leadership.

Immigration, defence and education were key issues affecting Canadians and three federal members of the Crown, in addition to our Prime Minister and our Premier, were guests of our Club.

But famous names alone do not an Empire Club year make. We wanted to hear the views of our young people and brought four outstanding high school students to our platform. A great musician was a visitor, as was one of the world renowned architects of the day, and two distinguished scientists spoke on the important topic of the environment.

Prominent businessmen were not ignored and through good luck we had Max Ward of Wardair speak to us on the very day that his company was taken over by Pacific Western Airlines. We also had Arden Haynes, Chief Executive Officer of Imperial Oil, speak just a few days after the announcement of the takeover of Texaco.

We were pleased to have the Chief Justice of Ontario and the Dean of the Law School of the University of Toronto, who was recently appointed President of his University, the largest in Canada. Adding David Johnston, the President of McGill, we were therefore fortunate to have up-to-date views from the top academics in our land.

In all, 37 speakers graced our platform and we hope you will enjoy reading their important messages.

This book will in many ways reflect the tenor of our time for future historians and it is with considerable pride that I presided over such a dynamic group of meetings.

Tony van Straubenzee
President 1988-89.

TABLE OF CONTENTS

1 **Defence Minister Perrin Beatty**
DEFENCE, SOVEREIGNTY, AND OUR RESPONSIBILITY IN THE CANADIAN NORTH

13 **Hajime Tamura, Minister of International Trade & Industry, Japan**
A PERSPECTIVE OF JAPANESE/CANADIAN ECONOMIC TIES AND JAPAN'S OVERSEAS ECONOMIC POLICY

24 **President Ronald Reagan**
RELATIONSHIPS

37 **Peter Mansbridge**
THE JOURNALIST AS CELEBRITY

44 **Prime Minister Karoly Grosz**
A NEW HUNGARY

49 **Prime Minister Brian Mulroney**
MANAGING CHANGE

62 **General Eva Burrows**
IN THE FRONT LINE

72 **Esther J. Harshaw**
BLINKERS AND BOOK BURNING

82 **Donald G. M. Coxe**
THE CRASH OF 1987: WHAT DID IT REALLY MEAN?

93 **Ambassador Lester B. Korn**
THE UNITED STATES AND THE UNITED NATIONS

102 **Richard Weber**
ACROSS THE NORTH POLE

113 **Michael Duffy**
ELECTION 88, 10 DAYS TO GO

118 **General Paul D. Manson**
PEACE KEEPING IN A CHANGING WORLD

130 **Michael A. Cornelissen**
CANADA IN THE YEAR 2000

146 **Dr. David L. Johnston**
CAN WE HAVE EQUALITY OF OPPORTUNITY, AND EXCELLENCE, TOO?

154 **Dr. David Suzuki**
THE CHALLENGE OF THE 21st CENTURY

168 **Lt.-Gov. Lincoln M. Alexander**
ANNUAL CHRISTMAS LUNCHEON

171 **R. Alan Eagleson**
HOCKEY — IN CANADA AND ABROAD

182 **Chief Justice Wm. G. C. Howland**
YOUR JUDICIAL SYSTEM AND YOU

194 **Maxwell W. Ward**
DEREGULATION AND THE AIRLINE INDUSTRY

199 **Arden R. Haynes**
CANADA AND ITS ENERGY — OPPORTUNITIES WAITING TO HAPPEN

213 **Hagood Hardy**
REFLECTIONS OF AN INTERNATIONAL MUSICIAN

223 **Jane Park**
Daniel Hill
Tarum Stewart
Cynthia Godsoe
THE CONCERNS OF YOUTH IN TODAY'S WORLD

234 **Lynda K. Palazzi**
NEW ERA IN EDUCATION

250 **Moshe Safdie**
POSSIBILITIES OF GREAT RICHNESS

262 **Christopher Trump**
THE CASE FOR SPACE

271 **A. Roy Megarry**
CANADA — A COMMUNITY OF COMMUNITIES

285 **Dr. J. Robert S. Prichard**
MEDICAL MALPRACTICE — IS THERE A CRISIS

302 **John E. Cleghorn**
SERVICE: THE NEW PROFIT FACTOR

310 **Dr. Kenneth Hare**
NUCLEAR SAFETY AND THE ENERGY FUTURE —
ARE OUR NUCLEAR REACTORS SAFE?

319 **John Ziegler Jr.**
THE BUSINESS OF PLAYING HOCKEY

332 **Paul F. Henderson**
THE OLYMPICS AND TORONTO

341 **Barbara McDougall, Min. of Employment & Immigration**
A CO-OPERATIVE RESPONSE TO CHALLENGE

352 **Premier David Peterson**
EDUCATION AND THE FUTURE

362 **Audrey Hepburn**
FOR THE CHILDREN

373 **Annual General Meeting**

384 Membership

405 Financial Statements

410 Empire Club Foundation

June 2, 1988

The Hon. Perrin Beatty
Minister of National Defence

DEFENCE, SOVEREIGNTY, AND OUR RESPONSIBILITY IN THE CANADIAN NORTH

Chairman: **A. A. van Straubenzee**
President

Introduction:

June has become a very important month of the year for Perrin Beatty. He was born on the 1st of June in 1950, so we wish him a belated happy birthday. We understand he had submarine sandwiches for lunch yesterday and we are wondering whether they were like the British Trafalgar or the French Rubis design.

On June 30th, 1986, Perrin Beatty was appointed Minister of National Defence and, almost a year ago today, in June, he introduced his now famous White Paper on National Defence — the first such Paper in 16 years.

June is also an important month in defence matters for our country. As of Monday, June the 6th, the Normandy Invasion of 1944 will be 44 years old. As Bob Vezina said in the Sunday Sun on May 29, and I quote, "This anniversary is significant to the average Canadian because in the near future Ottawa will spend more billions on military hardware — tanks, planes and nuclear powered submarines."

Perrin Beatty is one of the most successful politicians in Canada. I am not going to review his outstanding political career, except to say that, wherever he has been, he has earned a great deal of loyalty from the people in his department. That is perhaps a reflection of the ideals and values that he received from his grandfather, William, who always thought it was important to go to the Beatty Brothers plant in Fergus at night just to let his employees know that he cared. In addition, his grandfather evidently tried to ensure that at least one member of almost every family in Fergus had a job during the last Depression.

There has been a tremendous amount of interest in the White Paper, which I am sure most of you know has committed us to an increased, more effective presence in Europe and has defined our role with regard to NATO and NORAD. We also know, sir, that you have been very concerned about sovereignty in the North. All this at a time when the spread of Nuclear weapons is very much on the agenda of the world leaders.

Some of us are very much aware how frustrating it has been for the peace-time Armed Forces not to have objectives clearly set out for them. We also know that you are one of the few Ministers of National Defence who has actually answered the call of the Forces, to not only tell them what their role should be, but also to try to provide them with the tools to carry it out. What a refreshing change!

You said, sir, recently and I quote: "I like to think I've made Defence Policy an acceptable topic at the dinner table." I am sure you will do that today. It is my great pleasure to welcome back to the Empire Club, the Honourable Perrin Beatty, P.C., Member of Parliament for Wellington Dufferin Simcoe.

Perrin Beatty:

Change is in the air.

The last year has seen dramatic improvements in East-West relations, and there is the prospect for further progress to come.

Let's look at some of the key developments:

- The Soviets are withdrawing 115,000 troops from Afghanistan;
- We have a treaty for the global elimination of intermediate nuclear forces;
- The Soviet-backed Government of Angola is opening peace negotiations;
- The Soviets are reassessing their foreign adventures in Latin America, Africa and Asia;
- Remarkable progress has been made toward a treaty with

the United States to reduce strategic nuclear systems by 50 per cent; and

- Slowly — too slowly for some — but surely, the Soviets are moving to correct some of their more flagrant human rights violations.

Who would have imagined a few years ago that we would be seeing Soviet Refuseniks interviewed from Moscow by Barbara Frum on The Journal as we did this week? Or, for that matter, Nancy Reagan singing songs with Soviet schoolchildren in Moscow.

So, where do we go from here? What should our agenda be in light of these developments?

When I last had the pleasure of addressing the Empire Club here in Toronto, the new defence White Paper was in the early stages of its preparation, and so were many of Mr. Gorbachev's foreign policy initiatives which are now bearing fruit.

It is worth remembering that a strong NATO has contributed immeasurably to the climate which made this progress possible. I believe we must continue to deal from strength, because the bottom line is our security and freedom.

Mr. Gorbachev is not trying to build a capitalist society in the Soviet Union — he is trying to make his Communist society more efficient.

But, whatever the motivation for the reforms taking place in the Soviet Union, we should encourage them as long as they serve the cause of peace and freedom. It appears that Mr. Gorbachev's reforms will require the release of funds from the military sector. The result is an opportunity to reach balanced, stabilizing and verifiable agreements to curb the arms race. We must also bear in mind that Mr. Gorbachev is taking a gamble too. He is gambling that the West will not attack the Soviets, and that his foreign policy successes will provide him with the opportunity and the prestige to tackle his domestic reforms, which will probably be much more difficult to achieve.

All of these developments make me hopeful for improvements in East-West relations. But what are the implications for Canada? The developments of the past 18 months are consistent with our comprehensive security policy which, broadly speaking, anticipated these trends.

The White Paper, Challenge and Commitment, looks at our military commitments to the North Atlantic Alliance and also at the gap between those commitments and the current capabilities of the Canadian Forces. It sets out five policy initiatives designed to close this gap over the next 15 or so years, while contributing credible and effective sea, land and air forces to the collective deterrent and defence requirements of the Alliance. These initiatives are:

> First, to re-equip the Navy and provide it with a three-ocean capability;
>
> Second, to consolidate our major conventional land and air force commitments to NATO Europe on our stationed land and air forces in Germany;
>
> Third, to expand and re-equip the Reserve Forces, to sustain our overseas commitments and to perform defence of Canada tasks which have been neglected for too long;
>
> Fourth, to modernize and upgrade our contribution to continental defence under the North American Aerospace Defence Agreement (NORAD) and to improve our national capability to conduct surveillance over our land and air space and our seaward approaches; and, finally, to encourage the development of a sound Canadian defence industrial base capable of supporting and sustaining the new Canadian Forces.

The program to modernize the Navy is moving ahead satisfactorily. HMCS Halifax, the first ship of the new Canadian Patrol Frigate Program, was launched in Saint John, New Brunswick, on May 19. The contract for the second batch of six frigates was let last December, and the 12 ships of those two programs should all be in commission by 1996. The modernization of the four Tribal Class destroyers has started, and they will be back in service by the early 1990s. These destroyers and the new Canadian patrol frigates will carry new helicopters, which will replace the Sea King.

The submarine program has been challenged by some. But the events of the past year have served to confirm both the feasibility and the desirability of our building a small fleet of nuclear-propelled submarines. As you know, these vessels will not be nuclear armed. But they will greatly enhance our ability to perform those defence commitments we have already assumed in the Atlantic and the Pacific, and they will — for the first time — permit Canada's navy to participate in the defence of the Arctic. They will help us in our goal to increasingly Canadianize the defence of Canada. The evaluation of the two contending submarine designs and their cost is a most rigorous exercise and, I hope, this summer, to recommend the design that best meets Canadian requirements to my Cabinet colleagues.

Healthy progress has also been made in consolidating our major land and air commitments to NATO Europe — our second initiative.

Last Saturday, I presided over the standing-up ceremony of our new Air Division at Lahr, West Germany. This Air Division, which comprises three CF-18 squadrons and two Canada-based reinforcement squadrons, also equipped with the CF-18 aircraft, represents a significant increase in the capability and quality of the Canadian contribution to the Allied Air Force in NATO Europe. We have also made good progress in implementing measures to increase the surviveability of these air assets in Germany. Both of our airfields at Lahr and Baden-Soellingen will be defended by the new low-level air defence system we are acquiring, which we believe to be the best available. Hardened shelters for aircraft, personnel and maintenance facilities are under construction.

The consolidation of our two Army Brigade Groups committed to Europe and their amalgamation into a Divisional structure is also moving ahead.

This restructuring will require a revitalized and expanded Militia integrated with the Regular Force into a total force concept. The final total force army should comprise some 30,000 regulars and some 58,000 Reservists integrated, in varying proportions, in all units of the Army. The Army will be re-equipped and trained as a total force which will provide the Reserve Component with a more rewarding and more challenging role. I do not underestimate the enormous challenge which the restructuring of the Army offers my Department. It will require significant changes in traditional attitudes as well as changes in structures and equipment.

The Naval Reserve is also being restructured, primarily as a mine countermeasures force, which complements its traditional control-of-shipping role. We are acquiring two commercial trawler-type vessels to serve as interim training ships for the new role until modern mine countermeasures vessels can be introduced in the 1990s.

A good start has also been made with the Air Reserve in refocusing its effort on air transport, Army support, search and rescue and coastal patrol operations.

Over the 15-year period covered by the White Paper, we intend to increase the size of our Reserve Forces to 90,000. To meet our ambitious goals, particularly for the Militia, we must improve the quality of our recruiting and increase our retention rate. To achieve this, service in the Reserve Forces must again become a feature of Canadian community life. We must take steps to improve the equipment and training offered to Reservists and to bring their terms of service more closely into line with those of the Regular Force. I have introduced measures to this end with respect to pay and benefit, and other measures concerning terms of service will be introduced in the months ahead.

On this subject, I have a special message for Canadian industry today. By now, you are probably wondering about the brochures that were placed on your table. Reservists, as you know, train on weekends and also for an intensive two-week period each summer. In the brochure and in a video that accompanies it, I have called upon employers to give two weeks' summer training leave. I am also asking employers, to the extent that they can afford to, to make up the difference between their Reservists' civilian and military pay during these periods. We can offer no financial incentive to do this, but employers, like Reservists', can in this way make a contribution to the security of their country. That has been enough of an incentive to persuade many corporations to support this endeavour to date, and I am grateful to those who volunteered their time to assist in the making of this material.

This past year has been busy and productive. One of the many projects where we have seen progress is in the development of the North Warning System. Five of the new long-range radars for the Western Arctic came into service, and have already detected Soviet long-range bombers and provided guidance to our intercepting CF-18s assigned to NORAD. The final six long-range radars for the Eastern Arctic and Labrador will be in place and operating by the end of the year.

We have also moved forward with the measures outlined in the White Paper to assist in the development of a viable Canadian defence industrial base. In this respect, I have established a Defence Industrial Preparedness Advisory Committee, which brings together a small group of chief executive officers, academics and others, to provide me with advice on matters of industrial policy and to serve as the principal vehicle for improving co-operation between industry and government on defence matters.

I have described to you the progress that we have made in the five initiatives which, collectively, represent the core of the new defence policy. The Government is committed to implementing them fully, thereby rebuilding and re-equipping the Canadian Forces to satisfy the first requirement of our security policy — an adequate defence.

In the pursuit of arms control measures — the second element of our security policy — we have enjoyed a very active year, crowned by:

— two Reagan-Gorbachev Summits;

— the ratification of an historic treaty eliminating intermediate nuclear forces; and

— the beginning of the Third Special Session of the United Nations General Assembly, devoted to disarmament.

It is worth remembering the enormous political effort that the NATO allies mounted in 1979 and in subsequent years to maintain Alliance solidarity for the dual-track NATO-INF Agreement. The strategy paid off. Shortly after the deployment phase of the NATO missiles began, serious negotiations, which led to the Intermediate Nuclear Forces Treaty, were started. Without NATO's unity and without the courage that was shown by the Western Democracies, such an agreement simply would not have taken place. That Treaty, which was so recently ratified by the Senate of the United States, was truly historic in that it eliminated a category of nuclear weapons. It also introduced the principle of asymmetrical reduction to superpower negotiations and also permitted, for the first time, deeply intrusive verification measures.

Many people throughout the world had hoped that the Moscow Summit would, like the Washington Summit before it, produce another major arms control treaty. We must not be disheartened that this agreement did not happen. Never before has such an ambitious target, namely a 50-per-cent reduction of strategic systems, been set for an arms control negotiation. I am amazed at the progress that has been made and I am optimistic that we will see such an agreement. It is worth taking the time to do it right. There remain, however, some daunting problems, particularly in the area of verification. Both sides are seeking ways to deal with these problems, particularly as they apply to air- and submarine-launched Cruise missiles. Submarine-launched Cruise missiles present particularly vexing verification problems.

Canada's geographical position, on the shortest route between the two superpowers for intercontinental ballistic missiles, fronting three oceans from which Cruise missile attacks could be launched, underlines the importance of this

Treaty for the security of Canada. We will continue to monitor the progress and contribute our advice and expertise through the consultation process, both bilaterally with the United States and the Soviet Union, and multilaterally in NATO.

There are those who say that if there is nothing major to sign at a superpower summit meeting there is no point in having it. I disagree. These occasions provide great opportunities for furthering mutual understanding and this is a prerequisite for enhanced East-West relations. The absence of a strategic arms reduction treaty to sign does not mean that this Summit lacked substance. An agreement was signed on prior notification of all ballistic missile launches; a memorandum of understanding was signed on procedures for monitoring experimental nuclear explosions to be conducted in the Soviet Union and the United States this summer; and encouraging progress was made toward an agreement on enhanced verification provisions that could permit the ratification of the Threshold Test Ban Treaty, which limits nuclear tests to not more than 150 kilotons, and the Peaceful Nuclear Explosions Treaty. Perhaps of even greater importance is that the meeting served to foster a closer relationship between the two Governments.

In the field of conventional arms control, Canada and other NATO negotiators are currently meeting in Vienna with representatives of the Warsaw Pact and European neutrals. They are developing mandates for two new negotiations on conventional arms control under the auspices of the Conference on Security and Co-operation in Europe.

The first negotiation will be conducted between the two Alliances, NATO and the Warsaw Pact, and will focus on stabilizing the conventional balance of forces by removing disparities and introducing measures to reduce the capability to mount a surprise attack and large-scale offensive action. The second negotiation, which will include the two Alliances and the European neutral states, will follow up on the successful Stockholm Conference on Confidence and Security-Building Measures. Its aim will be to reduce the chance of war occurring through misunderstanding or miscalculation. We hope that these two key negotiations will begin late this year or early next year.

I believe that these talks will be most crucial because stabilizing the balance of conventional forces in Europe will have the effect of raising the nuclear threshold. Canada participates in these negotiations because we have stationed forces in Europe as part of our NATO contribution. This is a critical period for arms control in Europe, and if we withdrew our forces from Europe or, more drastically, withdrew from the Alliance, we would be denying ourselves a role in negotiations that have a direct bearing on our security interests.

At UNSSOD III, the approach of the Canadian delegation will be guided by Canada's six fundamental arms control and disarmament objectives, which are:

— negotiated, radical reductions of nuclear forces and the enhancement of strategic stability;
— maintenance and strengthening of the new Nuclear Non-Proliferation Treaty;
— negotiation of a chemical weapons ban;
— support for a comprehensive test ban treaty;
— prevention of an arms race in outer space; and
— the building of confidence sufficient to facilitate the reduction of military forces in Europe and elsewhere.

We have also had a busy and productive year in another important area of promoting peace — that of our peacekeeping forces. The size of our contribution to the United Nations Force in Cyprus was increased by 60 members in October last year to compensate for the withdrawal of Swedish troops from that operation. These extra personnel are, at this time, all Reservists, which gives substance to the total force concept.

Last year, we provided a senior Canadian Army officer to direct the military component of a UN technical mission to the western Sahara. This year, we provided five officers to the monitoring group assembled to observe the withdrawal of Soviet forces from Afghanistan. These are in addition to our continuing contribution to the ongoing UN operations and the Multinational Force and Observers in the Sinai. As part of Canada's contribution to a peaceful resolution of the Central American problem, Canadian Forces officers with extensive peace-keeping experience are providing technical advice on the organization and operation of a potential monitoring force for the area. We stand ready, if called upon, to provide further assistance in the Central American peace process.

Starting yesterday, two Canadian Forces Hercules aircraft were temporarily deployed to Addis Ababa in Ethiopia, to support the United Nations Disaster Relief Organization (UNDRO). They will fly emergency food airlifts into stricken areas, including Gonder Province and the contested areas of Eritrea and Tigre Provinces.

That is where we stand, Mr. Chairman, a year after the White Paper.

I hope the interdependence and mutually supportive nature of the elements of our security policy have come through — arms control is not a substitute for defence but a complement to it. Together with measures to resolve peacefully conflicts which could escalate into war, it can lead to strategic stability and peace with freedom. Security policy is a most flexible instrument and we must be flexible if we are to take advantage of these new opportunities to reduce East-West tensions and to negotiate mutually acceptable security arrangements with the Soviet Union. Clearly, we must not be caught napping by preemptive arms control offers that we have not foreseen. We must know what our bottom line is in arms control negotiations. This is not a time to be left without a well thought out agenda for the West. Nor is it a time for distrust and hostility to cloud what may be a golden opportunity to secure our future.

The last 12 months have been a time of progress and hope, both for the defence of Canada and for improving relations between East and West. The way ahead is neither clear nor easy. It will test our wisdom and our courage as we proceed. Success is not assured, and the price of failure would be high, indeed. Despite the obstacles and the challenges, the prospects for the future are good. If our generation can do its job well, we can give to our children a more peaceful world, and a Canada that is strong, and sovereign, and free.

The appreciation of the meeting was expressed by Michael Meighen, Partner, McMaster and Meighen, and Vice-President and Director of the Empire Club of Canada.

June 20, 1988

A joint meeting of the
Empire Club of Canada
and the Canadian Club
of Toronto

Hajime Tamura

Minister of International Trade and Industry, Japan

A PERSPECTIVE OF JAPANESE/CANADIAN ECONOMIC TIES AND JAPAN'S OVERSEAS ECONOMIC POLICY

Mr. Hajime Tamura was in Toronto to attend the seven nation Economic Summit which was hosted by Canada.

Chairman: **A. A. van Straubenzee**
President

Introduction:

It is a special pleasure to welcome as our guest speaker Mr. Hajime Tamura, Minister of Trade and Industry for the Government of Japan.

Canada and Japan. Two separate countries — each sharing the Pacific Ocean. You bow — we shake hands. We say "So Long" — you say "Sayonnara." And yet names like Sony, Honda, Toyota, Yamaha, Sushi, Mitsubishi, Nomura and many others are second nature to us now.

Mr. Hajime Tamura was born in Matsuzaka, Mie Prefecture. He developed his tough physical constitution through Sumo training — so one doesn't fool around with Mr. Tamura. He is known for his strong voice and stronger arguments, which often win over his listeners. But he is not without his gentler side, shown in his love of animals and in his hobbies, gardening and photography. His strong performance has won him broad respect in Japan's political world not only in his own party but also in the opposition parties.

Mr. Tamura graduated from Kikui University's Faculty of Law in 1950. His first election to public office came in 1955 when, at the age of 30, he became the nation's youngest member of the House of Representatives. Since then he has won 12 consecutive terms winning the largest number of votes in his district, a clear measure of his constituency's support and an enviable record.

In 1972 Mr. Tamura was appointed Minister of Labour in the Tanaka cabinet. He was responsible for a succession of innovative policies, including plans to promote the five day work week and a higher mandatory retirement age. In 1976 Mr. Tamura took up a new post as Minister of Transport in the Fukuda cabinet.

Mr. Tamura's negotiating skills in trade matters have been displayed in his vigorous efforts to resolve global trade imbalances. The sharp appreciation of the yen and weakening of the dollar since 1985 had their origins in major massive trade imbalances. Mr. Tamura perceived that it was inappropriate to seek the correction of these imbalances through exchange-rate adjustment alone, and that it was essential to conduct comprehensive policy co-ordination covering macro-economics, industrial, trade and other policies.

He resolved that in order to achieve this, Japan needed to take the initiative in formulating radical measures to stimulate domestic demand. At the same time the United States should be called upon to reduce its fiscal deficit and the Federal Republic of Germany, like Japan a major surplus nation, should be urged to stimulate domestic demand. (This is all, no doubt, very much on the minds of the G-7 meetings here at the Economic Summit.) In order to attain these goals, Mr. Tamura was quick to embark upon a program of activity both within Japan and overseas.

His basic stance on trade issues is very clear. He believes firmly in the need for nations to co-ordinate their policies in order to achieve a balanced expansion of world trade, and sees a strong free trade system as a prerequisite. For this reason Mr. Tamura stands solidly opposed to protectionist policies, wherever they may be introduced, yet listens to criticism that other countries have of Japan. He has a global perspective.

He is a family man, married to Iko, and like myself he has three daughters, Michiko, Norika and Kuniko. (What a beautiful language you have.) I think I know why he entered politics. I don't know which is the greater challenge, raising three girls or being Minister of Trade and Industry.

Sir, we are honoured to have you in Toronto, and we look forward to your important message. Ladies and gentlemen, Mr. Hajime Tamura.

Hajime Tamura:

I am delighted to have this opportunity to address you, the leaders of the Canadian business community, here in Toronto, the site of the 1988 Summit. I would like to extend my sincere thanks to our hosts, the Empire Club and the Canadian Club and all others involved.

To be sure, there are major differences between Canada and Japan: one nation having a vast land, and the other with very limited space; one sparsely populated, the other with a high population density; one rich in natural resources, the other with very few. But a unique point we do have in common, by an accident of history, is the time we embarked on the road to modernization. The Dominion of Canada came into being in July 1867, and just a few months later Japan put an end to feudalism. During the following year, the new Meiji government began the drive toward modernization. Three years later, when British Columbia acceded to the Dominion, Canada and Japan became neighbor countries joined by the Pacific ocean. With our simultaneous modernization and the Pacific as our common border, our two nations have pursued development and at the same time cemented an ever closer relationship.

Issues Facing The World Economy:

Today, the world economy continues to be confronted by a great number of serious problems, in particular, the external imbalances of the leading industrialized nations and the increasingly acute debt problems being experienced by a number of developing countries. Problems of this type run the danger of generating protectionist tendencies. But I hardly need to cite examples to say that protectionist approaches offer no solution. The whole history of the post-war period gives irrefutable evidence that the free-trade system provides the only answer to stable growth of the world economy. I believe that we should not hesitate to use international policy co-ordination among the advanced nations to spread the free-trade system to every corner of the world.

Today, there is no single country with the economic power to support the world economy and to assume the role formerly played by the United States in bringing about the Pax Americana and, I think, it will be difficult for any such country to emerge in the near future. Thus, the leading nations must jointly ensure that the world economy continues to develop soundly and avoid the kind of unfortunate events that occurred on Black Monday last year. The prime significance of meetings like the Summit is that they provide a forum to deal with international disparities and the variety of problems that afflict particular countries, and to set new rules and generate new vigor.

The Basis of Japan's External Policies:

The countries of the Free World have benefitted from the free-trade rules that have existed under the GATT-IMF structure in the post-war period. These countries have been able to sustain growth over a long period precisely because of this free trade, defying the predictions of Marx and Lenin. The Takeshita Cabinet, which took office in November 1987, has placed top priority of its external policies on Mr. Takeshita's initiative of "Japan Contributing To the World" under a free-trade system. I believe that it is our responsibility to harness Japan's economic affluence and vitality in the stable development of the world economy.

Since I assumed the post of Minister of International Trade and Industry two years ago, there has been great change both for the world economy and for Japan's economy. Confronted by imbalances of unprecedented size in the global economy, we first embarked upon a series of international currency adjustments. After identifying the effects and limitations of this policy, we progressed to international policy co-ordination.

During this time we have been increasingly on our guard against the rise of protectionism. We launched an ambitious round of multilateral negotiations aimed at drawing up new rules for free trade and strengthened our co-operative efforts to assist developing countries strapped by heavy indebtedness. Japan, which during this period built up enormous trade surpluses, took a vigorous part in these international arrangements. At the same time, we began shifting our economic structure away from our former dependence on external demand, and toward a pattern led by domestic demand in line with the goals of international policy co-ordination. As MITI Minister, I have the dual responsibility for international economic affairs and domestic industries. In this dual capacity I took bold steps to help shift Japan's industrial structure. In the international arena, I frequently took part in multilateral conferences such as the Quadrilateral Meetings of Trade Ministers, the OECD Ministerial meetings, GATT council meetings, and bilateral meetings as well. During my time as Minister I have made visits to every continent except Africa no fewer than 17 times, and for my pains have earned the nickname of The Flying Tamura. It seems that just when I have recovered from one bout of jet-lag, it's time for the next one to begin. This has given me the habit of using debates in the Diet as convenient interludes for having a snooze and although my constituents do not like seeing this on television, the opposition parties' members have only requested that I do not snore!

Yet again I have come to the Summit in Toronto resigned to another bout of jet-lag. There's just one complaint about Toronto, that there is no non-stop flight from Tokyo, so instead, many Japanese including myself tend to fly via the United States. To rectify this, as I recently agreed with Ms. Carney, formerly Minister for International Trade and currently President of the Treasury Board, non-stop flights should be introduced between Toronto and Tokyo. Knowing this does not come under my portfolio, for Toronto's sake, I would like to do my bit.

However, I am digressing and would rather discuss Japan's policy switch to managing an economy led by domestic demand. In May 1987, the Japanese government decided on implementing measures aimed at expanding domestic demand. This involved a package of fiscal measures valued at more than $56 billion Canadian. Spending was stimulated by these emergency measures and was further buoyed by the beneficial effects of the appreciated yen, which lowered prices of imports of both raw materials and manufactured goods. The prime result has been to shift the domestic economy onto a path of high, domestic demand-led growth. Real growth in the 1987 fiscal year reached 4.9 per cent, of which domestic demand contributed six per cent while external demand contributed minus one per cent. The contribution of external demand was generally positive from 1974 onwards, but it was negative in both the 1986 and 1987 fiscal years.

Faced with a chronic continuation of fiscal deficits, our government imposed curbs on its spending under the banner of restoring health to public finances. But the measures we took last year were a sharp about-face to this position. With respect to this, a noteworthy episode took place at last year's OECD ministerial meeting. From the outset of the meeting there was a chorus of "Japan-bashing." Amid insistence that restoring health to government finances was incompatible with the expanding of domestic demand, I came under increasing pressure to decide which one Japan would emphasize. In fact, the biggest cause of Japan's domestic headaches is the massive size of its fiscal deficit. Outstanding public bonds currently total the equivalent of approximately $1.5 trillion Canadian, despite phased reductions in the fiscal deficit. It was still the equivalent of three per cent of GNP, or approximately $100 billion Canadian in the 1987 fiscal year. The only bright point is that this is better than having twin deficits.

At the OECD meeting, I said that we would not continue to hold the banner of restoration of health to public finances so high nor would we fly it at half mast, as if at a funeral. I said that we would keep it where it was, but for the time being, would wrap it around the pole. These remarks were greeted with laughter all around, and the previously caustic atmosphere was blown away.

Of course, I delivered on this. Soon after returning home I discussed this matter with Prime Minister Nakasone, Mr. Takeshita — who was then Secretary-General of the Liberal Democratic Party — and the Minister of Finance. The Japanese government recently resolved to take the plunge. It should also be noted that the announced medium-term economic plan calls for real domestic-demand-led economic growth of nearly four per cent over the next five years.

There have also been changes in the country's trading structure. Since last year, Japan's trade surplus has improved substantially with imports rising at a remarkable pace. Imports from Asia and the European Community were formerly showing the most outstanding growth, but, coming into this year, imports from Canada and the United States are growing most impressively.

Imports from Canada during the first quarter rose by 50 per cent over the previous first quarter, while U.S. imports were up by 44 per cent. What is so remarkable about this new trend is the startling growth in imported manufactured goods. In 1985, the ratio of imported manufactured goods was 31 per cent of total imports, whereas in the first quarter of 1988 this was increased to 47 per cent.

Japan will continue to encourage imports and focus on importing manufactured goods. On May 31st this year, for example, I called on the presidents and chairmen of 151 leading companies accounting for some 50 per cent of Japan's entire import volume to step up their imports.

Overseas investment is another area in which there has been a marked change. The strengthened yen is stimulating a strong upsurge in direct overseas investment by the manufacturing sector. This is reflected in a 62-per-cent increase in fiscal 1986 and 106 per cent in fiscal 1987. A noteworthy phenomenon is the increasing number of cases of reverse imports of products manufactured at production facilities set up overseas by Japanese companies, including everything from televisions and radios to automobiles.

These developments are giving rise to fears within Japan that they will lead to the deindustrialization, or "hollowing out" of the economy. Despite these fears, it would be unthinkable to turn back now. The promotion of direct overseas investment and the international division of labor is of great importance to improving our trade imbalances and also contributes to the economic development of the recipient countries.

Economic structural adjustment is another issue I would like to address today. Japan has been carrying it out notwithstanding the pain. General to the concept of economic structural adjustment is the phasing out of uncompetitive companies and the switching of those companies to other business areas, thus encouraging the inflow of competitive foreign-made products. This process has recently been taking place in the coal, aluminum smelting, steel and shipbuilding industries. With coal, for example, MITI wished to see the industry reduced from its former 20-million-ton capacity per year to its 10-million-ton capacity by 1991. As a result of this structural change, formerly prosperous and popular communities are not infrequently being reduced to ghost towns.

As you can imagine, making this kind of adjustment is also very tough on politicians. At this time the MITI building is besieged by interest groups waving protest banners and I am often grilled in the Diet, not just by opposition parties' members, but by my own colleagues as well. In spite of this, when I think of Japan's international position I am all the more committed to this course.

The Debt Problem of Developing Countries:

Japan is well aware of the acuteness of this problem, and the government is stepping up overseas aid, in particular our Official Development Assistance (ODA) program. Over the next five years we plan to spend the equivalent of more than $50 billion U.S. on ODA. This will account for approximately 20 per cent of aggregate spending on ODA by all the member-countries of the Development Assistance Committee of the

OECD. This will, of course, be supplemented by the steady implementation of measures such as the scheme to recycle $20 billion U.S. in three years announced in May of last year.

A related problem that has recently come into the spotlight is that of the Asian Newly Industrialized Countries. They are being criticized as a threat to the rest of the world just because their trade surpluses have been swelling at an astonishing speed. It seems that some perceive them as a threat. But the combined GNP of the NICs and the six countries of ASEAN equal the scale of Canada's economy. In my view, we should not nip the growth of burgeoning nations such as these in the bud. We should help these countries to build the power to act as a stabilizing force in the world economy.

Economic and Trading Relations Between Canada and Japan:

If I may now turn to issues affecting Canada and Japan, I would like to mention the mutually complementary trading relations between our two countries, that have seen trade follow a path of well balanced expansion. Generally, we buy primary products such as coal and lumber from Canada and, in return, we supply manufactured goods such as automobiles.

The trading relationship is at a turning point now with the imports of manufactured and particularly of consumer goods expanding very rapidly in the Japanese market. At the same time, Canada has charted an export strategy bearing in mind this change in the Japanese market. In a meeting in April in Vancouver with John Crosbie, Minister for International Trade, he emphasized Canada's competitiveness in the high-technology fields of microelectronics, fine ceramics, and biotechnology. His predecessor, Patricia Carney, also emphasized this point. This reinforces my belief that it is essential to carefully consider the supply and demand aspects of the market in each country, and to develop an enhanced horizontal division of labour in the manufacturing industry.

Canada is not the only country actively seeking to tap the purchasing power of the Japanese market. The U.K. Trade Secretary visited Japan in March to further Britain's "Opportunity Japan" campaign, which promotes exports to Japan. He stated the current situation in the Japanese market could allow for a doubling of exports to Japan within the next three years. The "Export Now" campaign in the U.S. is also said to be seeking to double its exports to Japan over the next three years. In view of this onrush into the Japanese market, I sincerely hope that, for its part, Canada will take more rapid and vigorous initiatives. I would like to point out that groups such as the Toronto Japan External Trade Organization provide programs and counsel aimed at promoting exports to Japan. I urge you to take advantage of these opportunities.

In the past, most Japanese direct investment in Canada was focused on natural resource development projects in the West. Now it has been extended to the manufacturing and processing sectors, such as the automotive and pulp and paper industries.

I am delighted to see a wider spread in the location and the types of industrial activity. Reflecting this progress, I understand that Japanese membership of the Toronto Japanese Association of Commerce and Industry has more than doubled from 70 companies in 1980 to 155 this year.

To increase the flow of investment between our countries still further, MITI is planning another Japanese investment mission to all parts of Canada next spring. Canada may well continue to take steps to make the investment environment more attractive, with a united North American market coming into existence.

Finally, I would like to say a word about Japan's attitude toward the much talked about trade pact between Canada and the United States.

This pact is arousing particularly strong interest in Japan, as it is being forged between two of our most important trading partners. We expect that the pact will bring about an increase in trade between Canada and the U.S. which will infuse both economies with added vigour and, in turn, bring greater stability to the world economy.

In Japan we have a saying that every occasion of extending hospitality to a guest should be made the most of, as if it would never recur. I am told that in English the expression "Ships that pass in the night" conveys a similar meaning. These phrases express the value and the mystery of encounters between people on the sea of life, and in this spirit I value the link with all of you that this gathering has created. I promise that Tamura's door will always be open to you in the future.

And what of Canada and Japan, straddling the Pacific? Let us not stay aboard our separate ships and pass each other in the night, but instead, do all that we can to remain on the same vessel and to keep our bearings toward the same destination.

Thank you.

The appreciation of the meeting was expressed by Gordon Riehl, Partner, Deloitte, Haskins and Sells, and President of the Canadian Club of Toronto.

June 21, 1988

A joint meeting of the
Empire Club of Canada
and the Canadian Club
of Toronto

President Ronald Reagan

RELATIONSHIPS

The President of the United States and the Prime Minister of Canada spoke after the seven-nation Economic Summit which was hosted by Canada.

Chairman: **A. A. van Straubenzee**
President

Introduction:

Mr. President, Mrs. Reagan, Mr. Prime Minister, Mrs. Mulroney, Your Excellencies, distinguished guests, ladies and gentlemen:

June 1988 is certainly going to go down in history as one of the busiest and most productive months in the lives of the four distinguished guests seated immediately on my left and on my right. We have a great deal to be proud of in our country. We are well aware of and thankful for the tremendous economic growth in Canada, the impressive employment creation, the Meech Lake Accord, Tax Reform and the Free Trade discussions, to mention just a few of the items that are occupying the time of the Prime Minister and our other politicians. Regardless of one's political persuasion, one has to be impressed with the pace of activity surrounding the first four years of Mr. Mulroney's tenure.

The agenda of this government is being undertaken and fulfilled with a strong sense of purpose and compassion, guided by a focus on the future and an understanding of the complexities of our nation. It is a course charted by our leader, who has a vision of a prosperous and free nation facing the challenges and opportunities in an ever-changing world. No leader can do so without the support and assistance of their spouse. You, Mrs. Mulroney, have worked relentlessly at his side as an advisor, and as wife and mother to your four children. Your tremendous volunteer activities, particularly on behalf of cystic fibrosis, have recently brought you well-deserved recognition.

For the first time in years, there are many of us who feel that we have a relationship with our great neighbour and friend to the south on a plane higher than we have ever reached before. Those dealings have taken the high road at every turn. This is perhaps the reason that a great compliment has been paid to us tonight to have the President, during a back-breaking schedule, come here with his first team and honour us with his presence. The man who has been able to assemble this distinguished guest list today is Prime Minister Mulroney. I think, sir, it says a great deal about the respect in which you are held that you have such extraordinary leaders around you in these last few hours of this most successful Summit.

Ladies and Gentlemen, the Prime Minister of Canada, The Right Honourable Brian Mulroney.

Prime Minister Brian Mulroney:

Mr. President and Nancy, distinguished guests, mes amis:

I have the particularly happy duty of introducing to you tonight a great friend of Canada, Ronald Reagan, the President of the United States of America. This is an important personal occasion for me in that it is the last opportunity for me to welcome him to our country as President.

As you know, there is something in the constitution of the United States, called the 22nd Amendment, which apparently limits the lease on the White House to two terms. That brought to mind an incident that actually occurred to me about a year and a half ago. I was sitting at home on a Sunday reading the New York Times, and there on the front page was a headline that said "Reagan's popularity plummets to 59 per cent." So right there I said: "There is the fundamental difference between Canada and the United States — language." The word plummet obviously does not mean the same thing here as it does in the United States. So I called the President at Camp David and I asked him whether he had seen this. He said "yes" and he was feeling a little down. I said: "Ron, I don't know how to break this to you, but 59 per cent on a good day is all that Margaret, Helmut and I will get together."

Next January, Ronald and Nancy Reagan will be taking their leave of Washington and returning to California and their beloved ranch in the hills above Santa Barbara. Since September of 1984, I have had the distinct pleasure of working closely with President Reagan. In the process, we have become friends. This is not to say that either of us has ever lost sight of the national interest of his own country, but I think that it has helped us to find the mutual interest of both of our countries. I suppose that too much can be made of special relationships between countries just as too much, perhaps, can be made of personal relationships between leaders. I don't think that this is the case between our two countries and I don't think that it is the case between these two leaders but others will have to be judge of that. Along the way Ronald Reagan and I, as well as Nancy and Mila, have become very good friends. There is more to this than simply a case of a couple of Irishmen getting along or even singing a song. By the way, I want to tell the singer tonight that both the President and I appreciated his talent and we viewed it with great envy.

We decided early on that the best way to manage our relationship, the relationship after all between the two most important trading partners in the world, was to meet on an annual basis and to phone whenever either wished. That is exactly what we have done over the years. If you go back and look at our communications beginning with the Quebec Declaration and the various joint declarations emanating from it, you will see the agenda and the task we set for ourselves. It was a challenging agenda on trade, on defence and on the environment. I suppose it is fair to ask at the end of the day: "What have we achieved?"

The Free Trade Agreement is going to give Canada access to a market of 250 million people, half of them within a day's drive of Toronto, making Toronto the centre of access to the biggest and richest market in the world. It's a good deal, a very good deal for both of our countries.

On defence, we have renewed our commitment to the security of North America and we are going forward with the Warning System as well as completing the modernization of our air and naval defences.

On the environment, we have shown leadership in such issues as the deterioration of the ozone layer and toxic wastes in the Great Lakes and we have more to do on the troubling issue of Acid Rain. Secretary Shultz and External Affairs Minister Joe Clark are addressing that actively, pursuant to instructions from the President and requests from us at the end of the last meeting.

As always, there is much unfinished business between our two countries, but I believe the annual meetings between the President of the United States and the Prime Minister of Canada have become a permanent feature of our affairs. They have helped to focus our agenda and to galvanize our officials.

We have addressed some of the most complex and difficult economic issues here in Toronto, from the troubling question of Third World debt to the challenging issue of agricultural subsidies. One of the reasons for these annual meetings is that we live in an increasingly inter-dependent world. As the President noted last week in his particularly thoughtful address to the Atlantic Council, over the years the Economic Summits have been a corner-stone of co-operation among the major democratic economies. They are part of the superstructure of Western strength and East-West affairs. In East-West relations, we have seen more than a thaw under Ronald Reagan, we have seen infinitely more than a thaw, more than detente, we have seen the coming of a new season of hope. That season of hope came about because Ronald Reagan said from the very beginning that there was one way to bring the Soviet Union to a realization of peace and that was from a position of strength — the strength of the United States and the solidarity of the alliance. That is exactly what is taking place.

I can say without hesitation that we saw tangible results while watching the President and Nancy a few weeks ago in the Soviet Union doing so much on behalf of human rights;

being so active on behalf of the Refuseniks; on Jewish Immigration and most of the troubling social issues apart from the great questions of war and peace. The results, Mr. President, have vindicated your policy of the strength and solidarity of the alliance. An entire class of missiles is being eliminated with stringent verification procedures. This is an important step, not just in arms control, but in arms reduction. And so an era is indeed drawing to a close, a period in world history that will be known as the Reagan years, that will by and large be remembered as a time of peace and a time of prosperity. The world of 1988 and President Reagan's last Summit here in this magnificent city of Toronto is far removed from that world of 1981 when he attended his first Summit here in Canada. Whereas we stood then on the brink of the deepest recession in a half a century, the Western economies are now in their sixth consecutive year of unprecedented recovery and expansion. As with the improved prospects for a durable world peace, I tell you ladies and gentlemen, that this is due in no small measure to President Reagan's leadership and his courage and vision for a better world.

The President has done more than stay the course. He has changed the course of American and world history. On a personal note, I have always found Ronald Reagan engaging, good humoured and generous. I should tell you that the first time I ever had the chance to meet with him in the Oval Office, I was Leader of the Opposition. May that never happen again. (I just said that to give Senator Gerry Grafstein cardiac-arrest.) I met with him in June of 1984 and that very morning in the Washington Post the reports had come out on the economy, (if it's in The Post, it's accurate). Growth of 6.9 per cent was reported in the previous quarter; unemployment was down to under seven per cent; investment was up 12 per cent. I said to the President: "My God, those are wonderful numbers. Boy, would we love to have those in Canada." He said: "You know, Brian, it's funny — they don't call it Reaganomics any more."

We have not always agreed but we have always agreed to begin from the basis of friendship between our two countries and between ourselves. I shall miss our meetings, Mr. President, but I shall continue, as will Mila, to value our friendship. We wish you and Nancy good health and long life. Our Irish ancestors put it in another way: "May the road rise up to meet you, may the wind always be at your back, may the rain fall soft upon your fields and the sun shine warm upon your face, and, until we meet again, may the Lord hold you in the palm of His hand."

Ladies and Gentlemen, the President of the United States.

President Ronald Reagan:

It is a pleasure to join you. Toronto, like Canada, is brimming with strength, vitality, and self-assurance. Those qualities, together with our similar heritages and common values, have made the relationship between the United States and Canada unique. We have been best friends, important trading partners and allies for more than a century-and-a-half.

In many ways, America's relationship with Canada has been the vanguard of our relations with other nations. Our first environmental treaty — over boundary waters — involved Canada. Our first permanent mutual defence relationship was with Canada. And the agreement to remove ships of war from the Great Lakes was our first arms reduction pact.

You may have heard me say that nations don't distrust each other because they are armed. They are armed because they distrust each other. With the longest undefended border in the world, Canada and the United States are proof of the flip side of that — when nations live in trust and friendship, they live in peace.

Today, our relations are better than ever. Over the last four years, the Canadian-U.S. partnership has grown and strengthened. In a world that is changing before our eyes, we need each other's friendship as never before. And in many ways, that is what, for Brian and me, the last three days here in Toronto have been about — the changing world and the role of North America in it.

As you know, we have just finished meeting with the leaders of the five other major industrial democracies. These annual economic summits have played an important role in the revival of growth in the industrial world.

This year's summit was informal yet highly focused. It was a get-down-to-basics, open-for-business summit. The progress achieved may not become fully evident for months, but it was substantial. Much of the credit for this success belongs to one of the democratic world's strongest and best leaders and someone whose friendship I cherish. It is rare that a personal friendship between two leaders can change the course of history — rarer still that it changes it for the better. But I believe that's the case here. No, we don't always see eye-to-eye, but, then, what two Irishmen ever do? So let me just pause here to say thank you for his vision, leadership, and friendship to my colleague and your Prime Minister, Brian Mulroney.

As I said, economic summits are not intended to produce blockbuster announcements. They are regular business meetings. They give those of us around the table a feel for what the others are thinking. In economics at this summit, we advanced the process of co-ordinating policy. We agreed to work together to ease the debt situation in the poorest countries of Africa. Turning from economics, in East-West relations, we reaffirmed a common position on human rights, on the need to reduce the massive conventional forces imbalance in favor of the Soviet Union and its allies. In other areas, we underscored the need for a common fight against terrorism and the international narcotics trade. And finally, we said once again that we would work to resolve regional conflicts in the Middle East, the Persian Gulf, Cambodia, and South Africa.

You will see a great deal about our discussions in tomorrow's headlines. But sometimes — maybe most of the time — history is not made in headlines, and we don't recognize great turning points until they are long past.

This summit was held against the backdrop of a transformation as dramatic as the one you find at the place on the Prairies where the Rockies meet the plains. Less than a decade ago, inflation, stagnation, decline, and despair characterized the economies of nearly all the summit nations. Today, we live in a time of hope.

I know that I don't need to tell you this, because, as it was in the summit, Canada is a leader. In the last four years, among industrial nations, only Japan matched Canada's economic growth, while Canada created more than a million jobs, and, confounding the experts of just a few years ago, did it while keeping inflation in check. How? One answer, of course, is that you have been deregulating industry, moving government out of the ownership and management of industry, and reducing marginal tax rates. But another answer is that you have reaffirmed an old faith — faith in the abiding, universal truth that economic growth does not spring from the numbers and graphs in government bureaus but from the hopes and aspirations of ordinary people.

You have said, in effect, that the key to the future is in a simple human face. It is not the face of someone famous, but someone who carries a dream, an excitement, a drive. And despite others calling that person impractical, he or she goes out and builds a dream into a business. Sometimes the dream is technologically sophisticated. Sometimes it's as simple as the store on the corner. This person is the driving force behind all growth. And because he or she can come from any part of society with ideas that will often seem eccentric, at least until they are tested, we in government cannot help this individual. We can't effectively target money or other assistance. We can only keep out of his or her way. We can, as you have, reduce taxes and regulations, and open markets. We can give freedom. Like you, we in the United States have also rediscovered that human face, that enduring truth; and as it has for you, the spark from this faith in freedom has rekindled our fires of opportunity, invention, and growth.

Yes, as I looked around that summit table these last three days, it seemed to me we have come to a moment in which, as it must have when John Cabot landed on the shores of Newfoundland nearly 500 years ago, humanity stands on the shores of a new world and for a moment holds its breath in awe and wonder. Each of the summit nations has turned away from statism and toward the market. This movement toward freer enterprise is worldwide, stretching from India to Argentina and beginning to reach even into China and, now, the Soviet Union.

Already on this continent, that light has ignited a bonfire of entrepreneurship and technological innovation unlike anything mankind has ever seen. As one physicist noted not long ago: "The entire industrial revolution enhanced productivity by a factor of 100. The microelectronic revolution has already enhanced productivity in information-based technology by a factor of more than a million. And," he added, "the end isn't in sight yet."

The heart of the technological revolution that produced them, that has, at the same time, put desk-top computers in homes across our continent while making North American industry vastly more productive — the heart of this revolution is a tiny silicon chip you can hold on the tip of your finger and still see most of the finger. Today, a single chip has the incredible power of a million transistors, that is, of the biggest computer of the 1960s. Yet, one of North America's most prominent research directors predicts that in less than 15 years, the power of a billion transistors will be packed on a chip. That's the power of 20 of today's most advanced supercomputers — all in a lap-top computer, available to every entrepreneur and executive.

Already this new technology is transforming our offices and factories, creating many jobs, eliminating others. And for that reason, some people fear it. I understand that. I remember returning to Hollywood from the service. Before the war I'd achieved the status symbol of all contract players. I could get away with saying: "I quit at six o'clock." When I got back, I decided I'd better re-establish this right from the start. The first day of shooting, I sought out the first assistant. I said: "I think we should get one thing straight. I quit at six o'clock." He shot back: "Well, you're going to be pretty lonesome that last hour. We quit at five." It seemed that with wartime excess profits tax, everyone started to think of production costs as mostly government money, so why not share the wealth. They started leaving early, and loosening standards.

Pretty soon, though, Hollywood had to shape up. It faced a new challenge from a new technology called television. Within a few years, studio employment dropped by thousands, and many predicted Hollywood would die. But Hollywood adapted. Many Hollywood people found work in TV, and that included a certain actor. The studios themselves discovered new markets, among them the television market. Today, almost as many people have jobs in the movies as at the peak, and even more work in broadcasting, which now faces the new technologies of video and cable.

This story of challenge and growth is not just the story of movies and television, but of all humanity in its long climb from the swamp to the stars. Do we dare stop climbing? Would we want to stop – especially we North Americans, we who, as Winston Churchill said when he addressed your Parliament during the bleakest days of the Second World War, have not journeyed all this way across the mountains, across the Prairies, across the centuries, because we're made of sugar candy. Nothing could turn us back faster from the new technological horizon and the morning of its promise than to do what some would have us do and hide from the growing global marketplace.

Your Prime Minister and I want to keep the world on the path of hope. This is why we have joined together in pressing for a new round of international trade talks, in working for reform of the agricultural policies of the summit nations, and, of course, in negotiating a Canada-U.S. Free Trade Agreement. That historic agreement, once approved by your Parliament and our Congress, will throw open the doors to the world's largest free-trade area. It will benefit not only our two countries but all nations now wrestling against the siren temptation of protection. Already Canada and the U.S. produce the world's largest volume of trade. The U.S. has a larger volume of trade with Ontario alone than with most other countries. Who better than Canada and America to show those who hear the call of protection that there is a better way?

With the European Community scheduled to remove internal barriers by 1992, we can hope that the two great continents of Europe and North America will become the dynamic engines of an even faster-expanding, open world economy. Our Free Trade Agreement will create in North America the world's most powerful market.

In the past, whenever we North Americans have lowered trading restrictions, we have seen our economies bloom like mountain meadows after a spring rain. Hasn't the moment come for another flowering? Some say that open trade and easier access will lead to an erosion of cultural distinctions. But I believe that to find North America's true future under this agreement, we need to look no farther than Canada itself, where distinct cultures have lived, worked, and traded together while respecting each other's differences for generations.

With protectionist storms brewing everywhere, the choice in both our nations and among all the summit countries is between moving forward toward freer trade, or backward toward the protection and isolation that are relics of another age. We cannot, for example, expect the limited free trade of today to remain secure if trade in other products becomes more and more restricted. We cannot stand still.

Let's remind those who call for sweeping separation that we have long worked in common for common goals, to protect our common security and peace, for example. Of course, some have criticized this security partnership, often saying that if we build weapons, we are bound to use them — which makes me wonder where they've been the last 40 years. In my country's Air Force museum there is an entire B-36 bomber, one of the first planes used for mutual security and an early part of NATO's nuclear umbrella. It has wings two-thirds the length of a football field, six rear-mounted propeller engines, four jet booster engines, and lots of vacuum tubes. At one time it could carry a 10,000-pound bomb load and fly 10,000 miles. Three hundred and eighty-five were built. Most have been junked. None was ever flown in combat. Their only job was to keep the peace. It was kept. And now, because of NATO's strength and steadfastness, the Soviets have agreed for the first time to join us and eliminate an entire class of nuclear weapons. Is there any better answer to those who, in the name of peace, oppose a strong defence partnership?

Canada and America have been partners for peace, not just in maintaining a strong Western defence, but all over the world. From Cyprus to the Sinai, from pressuring the Soviets to get out of Afghanistan to supporting democracy in the Philippines, we have worked together.

I saw one of the fruits of our partnership during my recent visit to Moscow. I had some contact, not enough, with the Soviet people. They lined the streets by the thousands. I was amazed by their sincere warmth. Their faces were filled with hope, the hope, I believe, that they might be entering a new era in human history, an era of peace and, yes, of freedom. As I said at Guildhall, I found Mr. Gorbachev to be a serious man seeking serious reform. He and I talked about those reforms, as well as about regional conflicts, human rights, and arms reduction. Our discussions focused on freedom of choice and other individual freedoms. But as I also said at Guildhall of the security partnership between North America and Europe in NATO, "let us stay strong." Without our strength, the tide of oppression and expansion would never have been halted. Our partnership and that of our allies is the hope of all peoples who yearn for freedom. So, as the Prime Minister said so well in his speech to Congress in April, "We wish [Mr. Gorbachev] well, but history obliges us to retain a strong measure of skepticism about the Soviet system." We can all be, as the Prime Minister said, "in some ways — from Missouri."

Over the last three days, the summit partners here in

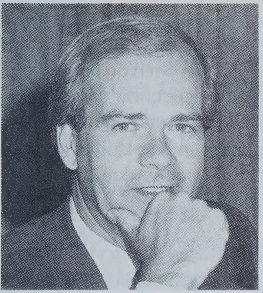
Toronto discussed East-West relations. And we took up another threat to the security of our nations, a comparatively new but frightening one — illegal drugs. Drugs have only once before been on our agenda. Handling of money is proving the drug trade's weakest point. The drug trade is conducted primarily in cash and needs international banking to move and launder its money. Canada's strong support is reflected in the historic commitment endorsed by all the Summit leaders in the Toronto Communique. It is time to shut the teller's window to drug lords and close the money laundries for good.

So, yes, in ensuring the security not only of our nations but our ideals, in fighting the drug scourge, in leading the world economy to a future of opportunity and growth — the partnership between our countries is at the centre. It is the example to our allies and the world.

And so today, mankind, standing on the shore of a new continent, a new age of invention, adventure, and growth, holds its breath, and for one lingering moment wonders — go forward or go back. Let us choose life. Let us choose hope. Let us turn to the horizon and greet the morning and continue the adventure that our forefathers started so many years ago when, with faith and freedom, they landed on this great, strange, continent and began to build a newer world.

Thank you. And since this is my last official visit to Canada, let me add here publicly to Brian Mulroney, a colleague for four years and a friend for life, a particular thank you. Brian and Mila, God bless you, and God bless you all.

The appreciation of the meeting was expressed by Gordon Riehl, Partner, Deloitte, Haskins and Sells, and President of the Canadian Club of Toronto.



June 30, 1988

A joint meeting of the
Empire Club of Canada
and the Royal
Commonwealth Society

**Dominion of Canada
Day celebration**

Peter Mansbridge

Television Journalist, CBC National

THE JOURNALIST AS CELEBRITY

Chairman: **Ivan McFarland**
Vice-President, Royal Commonwealth Society

Introduction:

I am very pleased to introduce our guest speaker today, Peter Mansbridge. By the time he became Chief Correspondent for CBC Television News and Anchorman of The National on May Day 1988, he had already said no to the United States networks in order to stay here. He had many reporting and broadcast achievements over a career that began 20 years ago in Churchill, Manitoba, where he helped develop the CBC News Service to the North.

In very short order and in recognition of his outstanding capacity, Peter Mansbridge moved to Winnipeg in 1971 as a reporter for CBC Radio and in the following year he joined the local CBC-TV News.

In 1975 he became CBC-TV's national reporter for Saskatchewan and in 1976 he moved to Ottawa for four years on assignment to the Parliamentary Bureau. He is also the anchor of Sunday Report and CBC Television news specials.

I had a little fun looking up in my Oxford Dictionary the meaning of Anchor and Anchorman as noun and verb. The noun refers to someone who is playing a vital part, which Peter Mansbridge does as a compere in broadcast programs. As a verb, it means that he is securing a ship, I suppose some of us would refer kindly to CBC as "the good ship CBC." It could also be said to be fixing it firmly, not weighing it down.

Now as Chief Correspondent and Anchor of The National, which is

Canada's highest rated newscast, Peter Mansbridge heads a team of award-winning regional and specialist reporters and outstanding foreign correspondents. As a reporter for The National he has been on location in more than a dozen countries providing us with reports on subjects as varied as Mao Tse Tung's last days in China; the exodus of the boat people from Southeast Asia and the Iran Contra Scandal in the United States. Sunday report, which he has anchored since 1980, is a unique 25-minute broadcast providing a solid combination of elements from both The National and The Journal.

As for the CBC television news specials, he has played a very vital part in bringing Canadians on-the-spot live commentary and analysis of national events, thereby providing a Canadian perspective to international stories.

Over the years, Mr. Mansbridge has provided comprehensive coverage of some of the most significant news stories in Canada and around the world. These include the 1984 federal election coverage, the leadership conventions which brought Brian Mulroney and John Turner to the helms of their respective parties, the last two Royal visits, and the two Papal visits.

Today, we are honoured and delighted to have Peter Mansbridge who has done a great deal, in my mind, to alter significantly the information and socializing roles of the TV broadcast medium.

Peter Mansbridge:

I'd like to talk to you about a number of things today, specifically the role of the media in today's world — some of the things we do and why we do them. But first I should talk a little about a decision I made recently that seems to have received a lot of attention.

I can tell you all the attention has somewhat embarrassed me. I'm supposed to be in the business of reporting news, not making it. And, believe me, I certainly prefer it that way. A lot has been said about my rather simple decision to stay with the CBC and in Canada, and a lot of what's been said has blown things somewhat out of proportion. It's been said that I wear special Maple Leaf underpants and that at night before I climb into bed I wrap myself in the flag for comfort. Let me assure you neither is true.

Sure I love this country, but who in this room doesn't. We have a lot to be proud of here — and we are proud, and we always will be. But lots of Canadians go to the States and other countries without losing that pride or love of country. And they will continue to do so.

A lot also has been said about the money — that CBS offered me an enormous amount of money. Well that's true, they did. I won't say how much, I never have. So whatever numbers you've heard just remember they didn't come from me or CBS, and so an intelligent person may wonder just how accurate the numbers being mentioned are.

But let me say this about money. Money isn't everything, but I'm not stupid either. CBS was offering me a guarantee of financial security for the rest of my life and I had to take that into consideration obviously, and so did the CBC. I wanted security here as well, and I got it. Mind you there are degrees of financial security, but what I received here is ample.

No, the major factor in this decision was not the flag or money, it was the job and the way we do it here in this country. Let me explain. On the job, I had to make a decision between an influential American broadcasting job, one that would have me working in the early, very early morning, mixing some political interviews with mainly entertainment, fashion and cooking interviews - between that job, and the most influential, most important and some might say the most powerful job in Canadian television journalism.

The decision then became easy. It's the job I've spent almost 20 years working towards, it's the job I've been trained for, and it's the job I've always wanted.

But some said: "Peter you stayed in the little leagues, you could have played in the big leagues. It's like the star centre on the Sherbrooke Beavers saying, no I don't want to play for the Montreal Canadiens, I want to stay here in Sherbrooke the rest of my life."

Hogwash, that's a lousy comparison.

We in Canadian television journalism are in the big leagues. We play this game as well or better than anyone else in the world, and our record shows it. Sure the American networks have more money and more resources but their journalists are no better. If they were, why would they have to keep hiring

Canadians for their top jobs? Why do they often choose our reports over their own when major international news stories occur? Why, when we work jointly in the field with the U.S. networks, do they often use the news pictures shot by Canadian crews over their own pictures?

Why? Because we play in the same league and we play as well or better than they do.

We are also willing to spend more time analysing issues, events and people, looking at stories in depth. Do you see any of the major American networks following their nightly newscasts with an in-depth analytical broadcast like The Journal? On both sides of the border, there is a serious commitment to covering the news of the day. But the commitment on this side of the border, not just at the CBC, I believe runs deeper. Canadians want more and more reporting on news and current affairs and we're doing our best to deliver it. And when our 24-hour news channel goes on the air — and I am still very positive that it will — our commitment will run even deeper and your desire for even more information will be fulfilled.

So those are the main reasons I stayed. But staying would still not have been possible without the actions of one man. In the days leading up to my final decision, I was having a lot of difficulty making up my mind. It was an incredible offer and the CBC wasn't really offering anything new to me. Then late one night Knowlton Nash phoned me and asked me to come over to his place for a chat. It was midnight and he knew what I had been going through — and he didn't want me to go. He offered me his job to stay. It was an incredibly emotional moment for both of us. But it was the turning point. After that there was no way that I could leave.

I just want to make one more point about this — and it speaks to the point of some embarrassment for me — all the coverage this story received. I was stunned when the morning after the decision I opened my front door and saw my name in the headlines, and my picture on the front page of The Globe and Mail. I could see it making the entertainment pages, but not the front pages.

After all this was just one Canadian staying home, not going anywhere. I guess I was stunned because I'm not the first Canadian journalist to say no. In fact I'd already said no three other times and no one blinked. But for every Canadian journalist who's left, there are an equal number who have stayed.

Just in my circle of colleagues: David Halton, Joe Schlesinger, Wendy Mesley, Mike Duffy, Sheila MacVicar. They've all been courted for bigger money at the American networks and chosen to stay with the CBC. And CTV has an equally impressive list of those who have chosen to stay.

And why stop at journalists. Look at business. Look at any walk of professional life in this country. You'll find thousands of successful Canadians whose mark has been noticed outside Canada, but when wooed have chosen to stay.

Well enough on that. Let's move on to some more general comments about the media and the way we do our job. These are fascinating days to be in journalism. The challenge is enormous; the technology advances so rapidly that what's up to date today is often out of date tomorrow. We can broadcast literally from anywhere, thats how far satellites have taken us. And because of the portable way we shoot and edit, the only deadline is air time.

But these are also fascinating days for journalists because in many ways the spotlight is on us, on the way we do our job, how responsible we are to ourselves and to the public we serve.

We are being challenged, for the way we cover stories and for the stories we cover.

Now there is no doubt that we journalists are a very defensive lot; we love to dish it out, but more often than not we are quick to deny when the finger is pointed at us. And of course that's not healthy.

Now I think the controversy over how the media operate is partly due to the failure of the media to discuss with the people they cover, just how the job is done, how the decisions are made about what we think you need to know.

And in saying that I realize I'm saying a lot — what we think you need to know — it sounds pretty pretentious. What we are actually saying by that is that we are constantly making judgments about what is news, and what isn't — what affects our lives, and what doesn't. Making those judgments means we are being very selective. Because let me assure you that for every item you see on the National, literally dozens and dozens of other items have been, through the day, judged not important, not news.

How do we make those decisions? What are the basic criteria used to judge and select news?

We judge by a number of age-old journalistic theories. I feel that viewers tuning into any newscast are first asking:

- Is the world safe?
- Is the country safe?
- Is the province safe?
- Is the city safe?
- Is the street safe?
- Is the home safe?
- Are they all safe?

They want to know whether the day has left them richer or poorer, the so-called pocketbook issues. And they want to know what's different, what's changed, what's good, and what's bad.

Those are some of the basic questions we have to answer every night on The National. But let me express a serious weakness of TV news. It's not how we do the job. It's the end product, it simply isn't long enough. The National is only 22 minutes long, the same length as all network TV newscasts on this continent. Twenty-two minutes is not very long. Pick up The Globe and Mail or any major newspaper and just read the front page. Read every word on the front page and it may take you 22 minutes.

That gives you some idea of just how much written information there is in a TV newscast. TV news, as Walter Cronkite has said, is just the headlines. People must seek out more information — read the newspapers, read books, listen to radio, watch analysis TV programs like The Journal. And get out and get involved in the issues.

I say this because there is growing evidence Canadians are getting more and more reliant on TV news to provide them with all their information. Recent surveys have shown as many as 70 per cent of those surveyed rely exclusively on TV news to get their information. Well let me, as a TV newscaster, assure you that you won't get all the information you need by only watching TV news.

I'd like to close my comments today with some brief basic thoughts about the relationship we all share. I like to think of the newsmaking picture being made up of three elements:

- The media
- Government, business, labour
- The Public

I see the media's responsibility as one to provide all the relevant information possible so the public can make up its own mind about the issues.

I see the government's responsibility as one to want to provide information.

And finally the public's responsibility, and we all share this one, to want to be informed.

Thank you for your patience, and your time.

The appreciation of the meeting was expressed by A. A. van Straubenzee, President of the Empire Club of Canada.

July 29, 1988

Karoly Grosz
Prime Minister of Hungary

A NEW HUNGARY

Chairman: **A. A. van Straubenzee**
President

Introduction:

If any one of us was to travel down that great river of many nations, the Danube, we would pass along the same shores once travelled by Augustus, Napoleon and other great leaders, both famous and infamous. When we reached Budapest, it is highly possible that we would travel no further. Budapest is a romantic city filled with great architecture, with landmarks such as Matthias Church, the Fishermen's Bastion, the domed and spired Parliament Buildings and, of course, the Buda Castle, once the residence of Hungarian kings and of Habsburg royalty.

Steam escapes from the dome of the Rudas Baths, built in the 16th century. In an old article in the National Geographic, I read that it is said that many citizens take mineral water home to drink, filled from a fountain, rather like a soda shop, where any of three warm waters is available by the glass. I don't know whether this is still the case, but the names of the waters are interesting. One is called "Hungaria" and the author of this article said that it tastes something like a rusty pipe but is said to be good for the kidneys and for a nervous stomach. Another is called "Juventas," mildly sulphurous, and recommended for high blood pressure and rheumatism. The third is called "Otilla" (which we pronounce Attila) and they say it tastes like rotten eggs and is recommended for almost everything. One small sip and you know why Attila was the most dreaded Hun of all. Well, we're not serving any of these for lunch today.

This audience is familiar with the great Hungarian family soups and goulashes and, of course, the dripping garlands of paprikas in the lovely countryside. But while it is nice to think of the thermal baths in Budapest which cleanse and refresh weary aches and pains and the wonderful foods and wines, we have to think of the proud and talented people that come from this great country of Hungary with a population of ten and a half million.

In the evening Budapest comes alive with opera and gypsy music. Just think of the great musicians like Erkel, Franz Liszt, Bela Bartok and Zoltan Kodaly; and perhaps one that we are particulalry familiar with, Franz Lehar, because we so often see and hear The Merry Widow.

There's the poetry of Sandor Petofi; pottery; embroideries; porcelain; and great athletes in ice sledding. And we were teased by television when the world ice skating competition was held in Budapest earlier this year because it showed only short moments of the country and the countryside.

Everyone in this room has origins emanating from another land. And so Canada has benefitted by some of the traumatic experiences that have caused people to move house and home. We need look no further than our own Head Table, where we are honoured by the presence of Andy Sarlos. Mr. Sarlos represents the best of entrepreneurship in this country, being one of the great deans of the investment community. And, of course, Dora dePedery-Hunt, who received the Order of Canada for her painting. There are countless prominent Canadians of Hungarian origin and I wish I could mention all of their names — the Reichmanns, Peter Monk, Tom Beck, to name but a few.

In the last four weeks the offices of the Empire Club and the Canadian Institute of International Affairs have received hundreds of telephone calls from interested Canadians of Hungarian origin. They were polite, interested, challenging — but all very curious — because our guest of honour has filled Hungarians with hope, anticipation and interest. We have all heard the news of Glasnost in Russia, but I am told that Karoly Grosz has been a trail-blazer in bringing about change and reform in his country. The Prime Minister was born in Miskolc, attended university in Budapest, became a printer and edited a newspaper before becoming a prominent politician.

On May the 23rd of this year, Gloria Gerlosy Boyd was visiting her native land and she watched the excitement caused that day as Mr. Grosz became the General Secretary.

We are indeed flattered, sir, that you are able to visit us. We very much look forward to your speech. Ladies and Gentlemen, the Prime Minister of Hungary, Karoly Grosz.

Karoly Grosz:

Ladies and gentlemen, distinguished fellow countrymen of mine. First of all I would like to express my sincere thanks to our hosts here who have provided us this opportunity to meet all of you. I would also like to thank the Government of Canada for having enabled us to come on this visit to your country, and I would also like to thank the Government of Ontario for all the hospitality and attention we have experienced here.

I bring you the greetings of a small nation in the middle of Europe. A nation which has seen so many ups and downs, so many successes and failures in 1,100 years of history. A nation which was led by its leaders at times to the forefront of the progress of mankind and at times to the forefront of reaction. A nation with its stormy history could not keep from surviving and doing well. I think all of this is evidence to the viability and creativity of this small nation of ours. A nation that has tried to draw the proper conclusions and lessons from history, and has tried its best to adjust to the changing circumstances. A nation which right now is facing another major challenge of history.

We here today are part of a major change in the world. It seems that mankind's hopes can be realized and come to life. We can see the walls of prejudices and suspicion being torn down, and we can see the ties of friendship and co-operation established. The rapprochement between the two major political, economic, and military powers in the world has created a new spirit — one of co-operation, friendship and peace.

It is a duty of all nations, small and great alike, to make the best use of this opportunity. Therefore, the Hungarian People's Republic thinks it is its duty to share the efforts in bringing along peace and co-operation for the best interest of Hungary and mankind.

We do believe that we see a world emerging in which it is not the military, it is not sheer force but co-operation and friendship that will gain the upper hand.

What do we want in Hungary? In what ways are we seeking our place in a new and changing world? This is the question we have to find an answer to. We envision a Hungary which is more dynamic in growth and which is in the forefront of scientific development. A country whose economy can adjust and re-adjust to the fast changing world economy. A country which makes the best use of its human and material resources with the intellectual capacity of its people. A country in which everyone has his merits according to his performance — to the work he has done. A country in which a gifted and hard working person can make ends meet. A country in which we have pure human relations. A country characterized not by hatred but by respect for each other — in which culture is flourishing, in which we have more freedom and democracy.

We want to see a Hungary whose citizens travel all around the world to gain experience, knowledge and contribute to others' well-being. A Hungary that gladly greets all those who want to come to our country with good intentions and friendship. In this country of ours we want to represent our national interests and at the same time to keep in touch with the interests and progress of mankind as a whole. In these endeavours of creating a new Hungary we count on the support of those fellow countrymen of ours who have left their country but found a new country and integrated into it. The old country wishes to co-operate with all those who want to co-operate with it. We would like to end an era which lasted four decades.

We want to begin a new chapter in our history in which we preserve everything that's valuable and we drop everything that's obsolete. Please help us to do so. The Hungarian People's Republic strives to have even broader relations in the field of foreign affairs than it has had so far. And it is this intention and this spirit that led our steps when coming to Canada.

Today when I had the pleasure of meeting the Prime Minister of Canada we agreed that this is the first occasion that the Prime Ministers of our countries met. Therefore we cannot say that our intergovernmental relations have longstanding traditions but we can say that they will have a long future.

We want to co-operate with your wonderful country and with all of its citizens, with its businessmen, with its political leaders — everyone. We do believe that we have something to say to each other, and we do believe that we can find opportunities for co-operation based on mutual benefits.

We've been here 26 hours now and I can say that what we've experienced here goes well beyond all our expectations. It's as if we were home. We can feel friendship and sympathy, and we can hear a lot of Hungarian words.

We'll leave this country of yours richer in impressions, in experience and in knowledge. We do believe that this is not the last occasion we will come to your country and we also trust that the leaders of Canada will find an opportunity to come to Hungary. And so as to be able to reciprocate all the hospitality and warm feelings we have experienced here we would like to see all of you in Hungary. Please come and get to know our country. Please establish contacts with our own country. And please feel free to learn through your own experience that you have a peace loving and hard working nation living in Europe.

The appreciation of the meeting was expressed by Andrew Sarlos, Chairman, Andrew Sarlos and Associates Ltd., and Chairman of Fundraising for the Canadian Institute of International Affairs.

September 20, 1988

A joint meeting of
The Empire Club of Canada
and The Canadian Club
of Toronto

The Right Honourable Brian Mulroney
Prime Minister of Canada

MANAGING CHANGE

Chairman: **A.A. van Straubenzee**
President

Introduction:

May I say what an honour it is for our Clubs to be chosen as one of the first platforms from which the Prime Minister will speak in the fall of 1988 at this important time.

It is customary during an election for our Clubs to host the leaders of the respective political parties and therefore you would understand that it would be irresponsible of me to show any preference to any one leader. Despite this custom I am sure that you would want me to say to the Prime Minister that, in whatever capacity, he is always welcome to speak here.

You may recall how fortunate we were to be chosen to host a dinner for President Reagan at the conclusion of the Summit. We thank the Prime Minister for giving us this special place and we congratulate him on the high praise he received on that occasion. Needless to say it was a proud moment for Canada and for our city.

I have no doubt, sir, that you are just a little pleased today with the U.S. Senate's overwhelming ratification of the Free Trade deal with Canada.

Adlai Stevenson once said: "The relationship between the toastmaster and the speaker should be the same as that of the fan to the fan dancer; it should call attention to the subject without making any particular effort to cover it." And, so I will take his advice.

The Prime Minister has provided us with clear choices in the past, and I am sure he will be giving us additional ones in his speech today. It will be our responsibility as Canadians to look at each party, to understand its goals and judge its ability to set them, test them and do the planning necessary to carry them out. We must consider the organizing ability of each party to do the actual work, to review its progress and make changes as necessary. Lastly, we must be conscious of its ability in the area of relationships with foreign countries, the United Nations, NATO, our neighbours and, of course, the provinces. All of these skills have to do with leadership.

We should show our political leaders some dignity. After all, what Christian Bovee once said was so true: "In politics, merit is rewarded by the possessor being raised like a target to be fired at."

Well, the campaign, we presume, is about to begin. I hope you will all get involved. It is important and it can be fun. It draws our country together as we collectively go about our business.

I will never forget the Diefenbaker entourage arriving at the Town Hall in the small village of Armstrong, British Columbia in the 1950s. The advance team had trouble getting anyone to attend. It was, after all, CCF territory in those days, and I was hauled in along with a few passersby, one of whom was a new Canadian. The Honourable Davey Fulton got up and said: "We normally start these meetings by singing 'The King' but since there is no piano and just a few of us, perhaps we can dispense with that for today." Diefenbaker got up and said: "That is unacceptable" and proceeded to sing 'God Save The King.' The new Canadian headed for the door, saying: "If he talks half as bad as he sings, I ain't staying."

At any rate we wish all campaigners well and, whatever the outcome, it is a great honour for me to introduce to you the Right Honourable Brian Mulroney.

Prime Minister Brian Mulroney:

Four years ago this month, the people of Canada gave my party a substantial mandate to govern this country. During these past four years, we have tried to deal with a variety of public questions. We have encountered difficulties, but we have stayed the course.

We have sought, throughout, to focus on two over-riding objectives: first, to renew the Canadian economy and to foster sustained economic growth and national prosperity; and second, to encourage a spirit of national reconciliation and renewed unity among the governments and regions which make up our Canadian federation.

There were a number of reasons why we attached special priority to those two objectives. If you look back to 1984, you will recall that we inherited particular problems in both of those areas. Our economy had been severely scarred by the recession of the early 1980s. Both unemployment and inflation had reached new post-war heights; the yearly federal deficit had become a $39-billion burden on the nation; and investors, both at home and abroad, were questioning our country's traditional standing as a good place to put their money.

There were deep strains, too, within our Canadian family. We had patriated our Constitution, but in the process we had excluded one of our largest provinces, Quebec — principal home of one of Canada's two official language communities. Imagine, if you can, the Constitution of Canada patriated and with an entrenched Charter of Rights, without the approval of the province of Ontario. For me, that would have been unthinkable. A Canadian constitution without Ontario is no constitution at all. And so, a celebration of unity had become, for many, an instrument of division.

Relations between governments and among regions suffered not simply from normal differences of view, but from serious doubts about motive. Nation-building was stalled because too often the builders simply did not trust each other.

We believed those fundamental problems had to be dealt with as our first order of business. My colleagues and I felt that without economic renewal and national reconciliation chances were slim that we could accomplish much else. Man may not live by bread alone, but doesn't live very well without it. While the ultimate test of a nation may well be the quality of life it offers its citizens, that quality simply cannot be achieved without a growing and prosperous economy. Neither can we achieve much as a society if the conduct of our public business is constantly clouded by mistrust and confrontation.

For a country like Canada, co-operative federalism is not merely a political slogan; it is the necessary precondition of any meaningful progress in our national affairs. So, for much of the past four years, we have tried to focus on those two over-riding objectives. And thanks to the effort of countless Canadians, we can claim to have made substantial progress on both.

As the OECD reports, in its annual review of our economy, Canada's economic record these past four years has been the best among the seven member countries of the Economic Summit. We are first in economic growth and first in job creation. First among the seven leading industrial nations in the world. The figures speak eloquently for themselves. Almost 1.3 million new jobs created since 1984, more than half of them occupied by women.

Four year ago Canada's unemployment rate was 11.7 per cent; today it is barely eight per cent. The unemployment rate among our youth has fallen from 18.3 per cent in 1984 to 12.2 per cent today, a decrease of one-third in four years. The inflation rate has been stable, around four per cent, over the last four years. Interest rates on average are down about two per cent, even with the recent adjustments that the Bank of Canada has felt necessary to sustain growth and dampen inflationary pressures. Inflows of foreign capital doubled between 1984 and 1987; private investment is forecast to rise by 20 per cent in 1989; housing starts have been at their highest level in more than a decade.

That is what has been happening to our economy. It has not happened in a vacuum. And the OECD report forecast no let-up in that performance; it says our economy should grow next year by more than three per cent if — and this is the key — the current thrust of economic policy is maintained.

We have removed the bur of the National Energy Program from beneath the saddle of Western Canada and we have created new institutions to ensure that the West, Atlantic Canada and Northern Ontario have a fair opportunity to share in our national prosperity.

Earlier this month, I had the opportunity to participate in another important step forward in the devolution of our northern territories toward more complete status in our federation. We still have differences, strong differences, among our governments on some questions. But we are able these days to talk about — and, more often than not, talk out — those differences in a civil dialogue. In both cases, a large part of the credit for our progress must go to the people of Canada themselves.

Economically, we know that people, not governments, create wealth. The record of the past years shows that, given a chance, the people of Canada can create economic wealth with the best of them. Canada's private sector, its business people and entrepreneurs, ask merely for a good economic climate and a fair chance. They ask simply that government be an ally and not a competitor. We have tried to help that process by acknowledging that government, by overspending and over-regulating, can frustrate the initiative and enterprise of its citizens.

I hope you won't consider me excessively partisan if I say that Michael Wilson has earned a genuine assist on the economic hat trick you and your fellow Canadians have scored. The people of Canada have done their part, too, in promoting the spirit of national reconciliation we have achieved. We have brought Quebec into our constitutional family through a Meech Lake Accord endorsed by all of the provincial Premiers who participated in its negotiation.

Politicians can be a thick-headed breed— I have found that a thick skin is a more useful attribute — but we do listen, we can hear, and we can learn. Most of us at least have heard the message to stop the bickering and get on with the job of building a better Canada. Shortly we will be asking you and your fellow Canadians to render judgment on these past four years and, even more importantly, to decide on the direction you want for Canada in the years ahead. I believe that you have real choices to make.

The differences between my party and the two opposition parties are genuine and, in some cases, quite profound. This time the decision you make will make a difference for you, your families and your country. We saw, prior to 1984, what happens when government spending gets completely out of hand. We said the deficit had to come down — and it has, for three consecutive years, for the first time in three decades, by some $10 billion. We are the only party who cares a whit for fiscal responsibility.

We saw, also before 1984, what happens when government intervention in the economy goes too far. We said we would remove government from where it doesn't belong — and we have, by dismantling the NEP, by replacing a negative FIRA with a positive Investment Canada, by removing regulations where they weren't needed and by privatizing Crown corporations where they no longer served a useful public purpose. We are the only party committed to those policies.

We realized that Canada, more than any other country, was highly vulnerable to the pressures of protectionism that were building in Washington and elsewhere. We said trade liberalization was the key to future growth and prosperity for Canadians — and we sat down and negotiated with the United States an historic free-trade agreement. We are the only party that will stand by that agreement.

Canadians should understand the implications — and the consequences — of that particular choice. I believe that no credible alternative to this historic invitation has been formulated by either opposition party. Tearing up an agreement between two sovereign nations is not a responsible alternative. It is the ultimate in escapism. Building a Maginot Line around Canada so that we can sell to others, while restricting what they sell to us, may have some appeal. But it is illusory. It is the siren call of those who seek to substitute emotion for reason. It is not good enough for the youth of this nation who believe that they can compete with the best in the world.

And so we want better rules for more trade. Trade abroad creates jobs at home. We want the certainty that attracts investment, and inspires innovation and enhances productivity. We do not want interventionist policies that undermine growth in major regions and cripple the development of our resource base.

We want for Canada the modern, dynamic economy that a free-trade agreement will inspire. Three months ago, here in Toronto, the leaders of the seven largest industrialized nations of the world, from Prime Minister Thatcher of the United Kingdom, to Prime Minister Takeshita of Japan, to President Mitterand of France, "strongly welcomed" the Free Trade Agreement as an instrument which they said "should catalyze the liberalizing impact of the Uruguay Round."

Yesterday, the U.S. Senate endorsed the Agreement in an historic vote of 83-9. Senator David Patrick Moynihan from New York put it well when he noted that Canada and the United States are two "strong and independent neighbours," and that "the Free Trade Agreement cements the most important commercial relationship in the world, and sets an example for the rest of the world."

The OECD asserted that Canada should derive "significant gains" from free trade generated in large part by the economies of scale. In fact, all reputable analyses confirm this fundamental point. What does this mean in practical terms?

Consider our experience with the Autopact — an instrument which prompted efficiencies and improvement in productivity, stimulated major new investment and sparked a healthy diversification of parts manufacturing, much of which occurred in Ontario. The Autopact brought substantial economic benefits to Canada as a whole and provides a tangible example of what can be obtained from a comprehensive trading arrangement with the United States. That is why we did it. That is why we are confident it serves the national interest.

Meanwhile, the Liberal members of the unelected Canadian Senate, on instructions from the Leader of the Opposition, became willing accomplices in a scenario to subvert the democratic will of the House of Commons — and the opportunities of Canadians whose livelihood depends on more certain and more open trade channels with our most important partner. There is a limit to which the conventions and customs of a Parliamentary democracy can be distorted for purely partisan ends. Yesterday's verdict by the United States Senate means that all of the elected representatives in both legislatures have pronounced in favour of this agreement. I call on the Canadian Senate to follow suit. I urge our Senators to honour the will of the elected House and the prerogative of the elected government of the day to negotiate international agreements. If either of the parties which oppose this agreement is elected as your government — a scenario I regard as hypothetical — they will have the chance to terminate this agreement as they wish and in conformity with the conventions of a modern democracy. Canadians will soon have an opportunity to pass judgment on such conduct.

Our trade agenda for Canada does not end with North America. We are pursuing powerful opportunities in Europe and in the Pacific. Our trade with Japan is up 55 per cent from last year. In the first half of this year alone, our exports to the European Community are up 16 per cent over the same period last year.

We will be hosting a major session of the GATT Round this fall in Montreal and we are determined to see genuine progress achieved. Through Joe Clark and John Crosbie, we have played a substantive role in the Uruguay Round as it has unfolded to date; we will continue to speak out for Canada's interests in a way that makes a constructive contribution to multilateral agreement.

The GATT is not the only international body in which we are active these days and within which we have a special opportunity to exercise positive influence. I think we can claim that role for Canada in the recent deliberations of both the Commonwealth and La Francophonie. We gained entry for Canada to the G-7, beginning at the Tokyo Summit, and Michael Wilson plays a sensitive and important role for Canada in international monetary deliberations. And may I point out that we are the only country to belong to the Economic Summit Group, the Commonwealth and La Francophonie, which gives Canada a unique international reach.

At the United Nations, we may soon have the particular potential offered by membership on the Security Council. As I see it, we may well be embarking on a new phase and a new agenda in world affairs that offer a special opportunity for a country like Canada.

There remain, of course, superpower questions. They are going to be decided, in large measure, by these superpowers themselves. We should be realistic about our influence over their deliberations. Our best hope to exercise such influence, in my experience, is not only in our bilateral relations, especially those with the United States, and our multilateral presence generally, but especially through our contribution to the collective voice and advice of the NATO alliance. Those who would take Canada away from that alliance or diminish our contribution to it make a serious error in not understanding its value to us as an access point — and an influence point — on major East-West questions. They err, too, in misunderstanding that, while NATO in a military sense exists as a deterrent to war, it is, in a political sense, an active force for peace. The unshakeable solidarity of NATO was an indispensable reason for the Soviet Union finally deciding to conclude an historic INF agreement with the United States.

All of us, I know, are genuinely encouraged by both the overall tone and many of the specific developments that have taken place recently in superpower relations. Glasnost and Perestroika appear to be more than mere slogans; if they can be sustained, they augur well for the Soviet Union and for the world community. We hope to build on the INF Agreement, making further real progress in arms control and reduction.

We can also hope to maintain the momentum in reducing regional problems and tensions represented by the progress made on Afghanistan, the Iran-Iraq war, Namibia and Angola. For our part, we in Canada will respond positively to any opportunity to contribute to solutions to those issues, as we have with our significant participation in the UN Force now separating Iran and Iraq. As the number and intensity of these regional issues are reduced, it seems likely that the international agenda will give increasing priority to other issues of common concern to mankind, issues that, by their nature, are less dominated by, or largely restricted to, the superpowers.

The environment most certainly is in that category. Clearly we need strong Canadian policies to deal with our domestically-created problems, but as we well know from our efforts to deal with acid rain, the threat to our environment simply cannot be compartmentalized by nation or addressed by national policy alone. This becomes even more evident as the issues become defined not simply in terms of the older problems of waste disposal and industrial pollution but in the much broader terms of oceans, the atmosphere and the ionosphere.

Those are the preserve of no single nation; they must become the active concern of all nations. We could refer as well to the need for a massive long-term plan to deal with the chronic climatic problems that range, ironically, from drought in one region to floods in another, and that plague several regions of the developing world. Large-scale relief may be a humanitarian response to these problems, but it is no solution. Similarly, we are still looking for more than temporary approaches to such questions as LDC debt and a co-ordinated and consistent international effort to combat major diseases.

It is not simply salve for our national psyche to say that Canada can play an important role on these issues. We are listened to when we have something useful to say; we can have influence when we have something positive to contribute. My sense is that the emerging international agenda is providing a growing opportunity for us to speak up and to make a difference. If we are to do so — if I may come back to where I began — we must continue to maintain our economic momentum and our spirit of national unity.

The world seldom pays much attention to nations that are divided at home or seem incapable of managing their own domestic economies. Economic performance and a sense of national purpose are the entry cards to meaningful international influence. We have them now; it would be an enormous loss to Canada if they were thrown away. My government is determined that they shall not be.

On issues like the environment, clearly there is a third basic test of international standing and influence. Nations that countenance pollution at home are hardly going to lead the world to a cleaner international environment. We do live in a glass house and the world will notice if our national windows are covered with grime. We can rightfully claim that our record is better than many in this regard.

During the past four years alone, we have produced the Canadian Environmental Protection Act to strengthen government authority in areas like chemical pollution and to back that authority with substantial enforcements. We are moving to eliminate lead from gasoline. We brought together some 40 countries in Montreal to achieve agreement on reducing chemicals that deplete the ozone layer. We are cleaning up the St. Lawrence River and Halifax and Hamilton harbours. We have added four new national parks, reached an agreement in principle on a fifth, and have created a new wildlife area. All of these enhance our national sovereignty and our national heritage.

But I recount these achievements with no sense of smugness nor to make you believe we have allayed all of the environmental concerns. Far from it. In fact, I would acknowledge that it sometimes takes a tragic event such as occurred in St. Basile de Grand to really drive home the message to all of us and to galvanize all governments into firm and effective action. I said in a recent interview that, as much as any specific policy or program, what we truly require at this stage is a genuine societal commitment to preserving and protecting our environment. The underlying principle of that commitment is admirably summarized in the Brundtland Commission's phrase: "sustainable development".

The challenge we face is not to choose or trade off between economic development and environmental protection; it is to regard them as complementary objectives which must be — and which can be — successfully interwoven into a single national commitment. A commitment, made not simply by government, but by business and labour, and by all who have a role to play in the development of our country. Together, we can make economic growth not the inevitable enemy of the environment, but its impressive ally. We should settle for nothing less.

I have tried to convey to you today some sense of where I believe we are as a nation — and where I believe we should be heading. There is an inescapable process of change happening around us at home and in the world. Change is always difficult and challenging, but we see no reason to fear or to shy away from it. The choice, however, is quite clear: either we manage change to our advantage or it will manage us to our loss.

The question in the next election is an obvious one: which group of men and women can provide the leadership Canada needs to manage change in our national interest? We believe Canada is now well and correctly positioned to sustain economic growth. We must maintain the policy framework that has allowed Canadians to build this growing economy. That requires discipline and vision; you have a right to expect both from us. We must continue to foster the national harmony which has allowed us to accomplish much during the past four years.

Our agenda of nation-building is far from complete — but we will build nothing of value if we slide back into the past era of mistrust and alienation. If we can maintain our economic momentum, if we can continue to work positively together, then I say without hesitation that the years ahead are ones of immense opportunity for Canada — economic opportunity in a world of liberalized trade, international opportunity as the world turns to a different and more productive agenda, personal opportunity which offers all Canadians the realizable dream of a growing economy in a pollution-free environment.

Opportunities seldom come easily and these won't either. But I feel among Canadians a growing sense, not only of confidence, but of excitement in our ability to seize these opportunities. We have a right to be confident.

Together, we can build a new Canada, into the next decade and the next century — a Canada of growing tolerance, unity and prosperity, a nation admired among citizens of the world. This is our policy, that is our purpose, that is the program we will be presenting to the Canadian people.

The appreciation of the meeting was expressed by Gordon Riehl, Partner, Deloitte, Haskins and Sells, and President of the Canadian Club of Toronto.

October 6, 1988

A joint meeting of
The Empire Club of Canada
and The Canadian Club
of Toronto

General Eva Burrows

International Leader of the Salvation Army

IN THE FRONT LINE

Chairman: **A.A. van Straubenzee**
President

Introduction:

In 1974 I was very pleased to have been elected to the board of directors of an investment company. My election was to be ratified on a particular day and, of course, when I got up that morning, I put on my very best blue suit. Well, the meeting was held at eleven a.m. and I was indeed elected to the board. The chairman of the board was somewhat of an austere, serious, benevolent dictator. A discussion was emanating from the head of the table and we were all listening with rapt attention. It was more or less a rule that the meeting must never be disturbed, and to the surprise of all of us there was a knock at the door. One of the very important secretaries arrived and I thought she undoubtedly had a message for the chairman. But to my absolute horror, she headed for me and handed me a slip of paper. And on this sheet of paper there was a message that a Captain Smith wished to speak to me urgently.

I didn't know whether Captain Smith was from the police, the Armed Forces or whatever. And so I excused myself and immediately left the room. I went to the telephone and said, "van Straubenzee speaking." The gentleman on the other end of the line said: "This is Captain Smith. I am calling you from the Don Jail and a friend of yours by the name of "x" has been arrested for drunk driving and he asked me to call you because he thought you would know how to arrange bail and get him out and he is only allowed one phone call."

I thanked the Captain for his call, hung up, looked at the secretary who had brought me the message and said: "What on earth made you disturb me at a time like this?" She looked at me and said: "I would not normally have disturbed you, sir, but it was the Salvation Army on the phone and I felt that you would consider that important."

I then immediately apologized to the chairman, told him that I was going to have to absent myself for an emergency and went off to the Don Jail. I spent the rest of the afternoon attempting to help this particular person out.

That was how I spent my first day as a director of that company.

The second story is equally difficult. I was a young boy of about 10. I had a very ancient aunt — right out of Charles Dickens's Great Expectations — and one of my duties was to attend to her from time to time. I remember that I had to sit in a straightback chair, wearing my very best little suit, and not being allowed to have a candy or gum. I particularly remember the ordeal because I couldn't use her bathroom.

I had to read the lesson for the day from the Bible and then discuss it with her. My aunt's name was Madeline and over her bed she had a sign with the word "Victory." She was, as they say, a member of the Corps. When it got dark in the winter she wouldn't turn on the light because she was so old she was afraid the light would bounce off her head. That was just about her only sin — a little touch of vanity.

At any rate, when she died, the famous brass band arrived and a wonderful service of joy was conducted. In the parlour was a magnificent bouquet of flowers and card which said, "From the Knights of the Road." I turned to one of the officers of the Salvation Army and I said: "We're very puzzled. We have this beautiful bouquet of flowers and we don't understand from whom it was sent. The florist refused to tell us." He looked at the card, laughed and said: "Well, my boy, in the depression your great aunt used to put up a number of people in her coach house and feed them soup. It is just their way of remembering."

Well, we all have our stories about the Salvation Army and I guess one of my very favorite ones is of a cold winter's day on Fifth Avenue in New York. A brass band was playing Christmas carols. It was during the depression and people were walking by, but the bubble was not filling up with coins and it was evidently a depressing sight. Along came that great Italian tenor, Enrico Caruso, and he stopped and listened to the carols and then he began to sing. His voice rang out through the streets of New York and people started to come from blocks away to hear this magnificent man sing. And the bubble quickly filled with coins. One had to wonder if in fact it wasn't an act of God. It was certainly an act of faith.

Well, I look back on that day when I was called to help my friend because of the good efforts of the Salvation Army. I fondly look back on my days with my great aunt, even though she left all her money to the Army, and I think of that great day with Caruso and I need hardly tell you what the Army is, what they do or what they represent.

General Eva Burrows:

Mr. President, head table guests and ladies and gentlemen. It's a great pleasure to be here with you and thank you very much for the invitation to address both the Canadian and Empire Clubs today. You know that when the founder of the Salvation Army, William Booth, came to Toronto for the very first time 102 years ago, our history records that the Salvation Army had scarcely a friend and hardly a dollar in the whole Dominion. Well, it's very different today. What a wealth of friends we have, but we're still looking for more dollars.

I realize that today I speak to men and women who occupy significant positions in this great land and in this magnificent city of Toronto, and I trust that today what I have to say will not be just an interesting interval in a very busy day, but that it will provide you with challenging insights and some verbal pictures from around the world to which you may want to return in your mind.

I am, of course, going to speak to you about the Salvation Army. I wonder what you know about the Salvation Army. It would be very interesting to hear. Actually, in the great Cathedral of Liverpool in Britain, Bishop David Sheppards was preaching and he was describing God and he said: "God is a living, compassionate . . . a Salvation Army kind of God." I count that a great compliment to the Salvation Army. Of course, not everybody is as ignorant as the waiter at a very posh restaurant in New York where the General of that day was being entertained by some friends. The waiter went straight up to him as the chief guest and said: "What wine will you have, Sir?" And the host was very agitated and said: "Don't you know?! The Salvation Army doesn't drink." Oh, as quick as you like, he said: "I thought that S.S. meant scotch and soda."

But perhaps one of the most interesting comments about the Salvation Army I read in a book recently published in Australia. It's a book about great Australian military generals, particularly from the last war, and in there there's a story about General Vasy who was the Australian Commander of our forces in New Guinea when the Japanese were coming very close to Australia, and it said that one day, General Vasy was walking through the jungle track called the Cocoda Trail when some Australian soldiers — diggers we call them — they stumbled out of the jungle, filthy dirty, fell down beside the side of the track, worn out from the battle and the General looked at them and he was so proud of his men. And he walked up to them, put his hand in his pocket and handed his cigarettes to the men. They took them gratefully and looked up, noticed his red band around his hat, and one of them said: "Gee, these Salvation Army people are always there when you need them, aren't they?" Now, General Vasy, he was a bit disappointed that his troops hadn't recognized him, but in the biography, it says General Vasy said he was more than pleased to be linked with the Salvation Army because the Salvation Army is always in the front line. The Salvation Army in the front line? Are we? Certainly, we're fighting with no guns and our arms are not arms of war and ration, but they are arms of love encircling the whole world. We've probably never used a weapon more lethal than a tambourine, but in our arsenal of love, there is great power — maybe more power than the armies of the world.

The front line of the Salvation Army runs through the agonies of the world, where we feed the starving in Calcutta, pick up Afghan refugees in Northern Pakistan, shelter them and train them for the future to have something worthwhile to do. We pick up drug addicts in New York, lepers in Indonesia. We care for juvenile offenders here in Canada. We look after babies of heroin addicts in Amsterdam. We even house stranded sailors in the most southerly port of the world, Punta Arenes in Chile.

So, we are fighting in the front line. I might just use some special examples. We are fighting in the front line of homelessness. The Salvation Army is providing for the wanderers, the lost and lonely people of the great cities of the world, people who live in the world of their own defeated hopes — whether it's in the cardboard city of Los Angeles or in London, within sight of that great gothic building, the House of Parliament, under the bridges and in the doorways. And the Salvation Army moves amongst them, providing food, soup, clothing, help. You know, the rough sleepers in London know the Salvation Army officers very well. One of our captains was moving around this night giving soup when he pulled at some cardboard and said "Tom!" because Tom always slept there under cardboard. "Tom," he said, but Tom didn't move. So, the captain lifted up the cardboard and Tom was unconscious. So, like a good Salvation Army captain, he picked him up and took him to the hospital. Next day, he went back to see him. There, in one of those great big wards like they have in England, he saw Tom as he walked in, and Tom saw him. He said: "Good morning, Captain. How are you?" The captain said, "It's not how am I, how are you, Tom?" "Oh," he said, "I'm great, Captain." He said, "Gee, thanks for helping me last night. You saved my life." "Oh," he said, "Captain, I hope you don't mind, but when they brought that form around this morning, I put you down as my next of kin."

I like it. I like it. The Salvation Army wants to be next of kin to the homeless in the world. Just not long ago, when I was in the Philippines, we had a beautiful project there called "On the Way Home." You know that in the great city of Manila, there are thousands of children who've just come from the villages, lost, wandering around, and the Salvation Army picks them up, tries to find where they came from to send them home, or if not, to look after them and care for them. We are fighting on the front line of homelessness in the world.

We are fighting in the front line of ignorance, too. For example, in the great continent of Africa, the Salvation Army has been involved in educational programs. You heard that I was in Zimbabwe for nearly 20 years as an educator, but in recent years, with the development of independent countries in Africa, the Salvation Army has diversified by taking on specialist education. For example, in Kenya, there are the peasant farming schemes where we take all black African farmers and help them to see how to grow their crops better. The program which we initiated has now been taken over by the Kenyan government. Or you can go and find handicapped children in our schools — children who would never get a chance to be educated in Africa. I went to our school . . . Oh, it was an absolutely marvellous day! Hundreds and hundreds of children, many in callipers or wheelchairs, happy children finding a chance they would never have had.

There are many types of education, for the blind for example. Or in India, a vast series of vocational schools for anyone who is handicapped, who in the Indian cultural situation wouldn't get a chance — there are so many people, you've got to take the best kids first. But these children, handicapped, come to our vocational centres, learn crafts — how to make a living for themselves, income-generating projects. And our great school, where we build and make artificial limbs — all those involved are themselves people who have artificial limbs. Yes, we're fighting on the front line of ignorance.

We're fighting too in the front line of defeat and desperation with men and women who are intimate with failure and suffering because of alcohol problems. We're in the business of recycling human beings. Where you go up into the north of the world to the beautiful city of Stockholm, which I think you know is built on an archipelago, there's an island there where we take alcoholics and help them get their life right and make a new start. If you go down right to the opposite end of the world to New Zealand in the harbour of Auckland, there is an island, Rotorua, where we do the same kind of work, as I know you do here in Canada, too, in the Salvation Army's "Miracle Valley." We're helping people put their feet back firmly on the ground so that they can make a new start in life. I remember one day going to one of these rehabilitation centres where the men, while they're trying to kick their alcohol problem, they were given work to do, and this chap had been making the most beautiful garden furniture out of old bits of wood and so forth. But for something to say, I said: "And what are you doing?" "This is beautiful," said I looking at this lovely furniture. And he looked at me and said: "I'm doing to that wood what you did to me." So, I said: "What's that?" And he said: "Turning junk into something useful." And I said: "And how are you?" And he said something I'd never heard before. "Look," he said, "if I felt any better, I couldn't stand it." I liked it. People learning how to make a new life for themselves and not only helping them to stand on their own two feet, but helping them to depend upon God, because our program always has a spiritual dimension.

You see, I heard a Salvation Army officer once who works in alcoholic rehabilitation say: "You know, if you send an alcoholic to be treated by a doctor, he becomes a healthy alcoholic. If you send him to a psychiatrist, he becomes a balanced alcoholic. If you send him to many of these programs, he becomes a sober alcoholic. But if you send him to Jesus Christ, he becomes a transformed man" and that's what we try to do — help people to become transformed. And if you want to reach the deep essence of a person with the life-changing message of Christ, you've got to spend time with them and help them to get their life straight again.

Of course, we're working on the front line in many other areas; for example, in the care of the elderly. There's a very great and growing need to care for the elderly — not only in the Western World where the ratio of our citizenship that is over 65 is gradually increasing, but also in the Third World, because the impact of Western culture in Asia and Africa has meant that many people moved towards the towns where there's no longer any place for the extended family — nowhere for grandma and grandpa who used to be cared for in the village. And so the Salvation Army is constantly enlarging this area of its responsibility. The International Monetary Fund is not interested in projects like that. Oh yes, they'll give money for dams, water irrigation — big agricultural schemes — but tell them about elderly citizens who are lost and lonely and they don't want to know. In Hong Kong the Salvation Army provides a Day Centre where they can come and have a meal, where they can meet others, where they can have some kind of entertainment, where during the day they are made to feel worthwhile. In Zimbabwe, I was really thrilled to find that the Salvation Army has provided the very first geriatric hospital in Zimbabwe. I remember meeting an old man in Columbo, Sri Lanka. He was going blind. And I said to him: "How do you feel about going blind?" He said: "You know, I used to think there wasn't anything worth seeing anymore in the world, but now I've got some hope. I'm really enjoying it here." He was in our centre for elderly citizens.

We're fighting in the front line of agony — from the devastating effects of disasters or human tragedies. Just now, the Salvation Army is very involved in Jamaica after Hurricane Gilbert and in Bangladesh where three-quarters of the country is under water. Earlier this year I was in South Africa and I went outside Capetown to what you could almost call an urban desert — shanty towns by the hundreds, black people who've moved there and just built little old shacks to live in. I went there on a very windy day and the dirt and the dust were just blowing in my eyes and my ears and my mouth. And they were taking me to see the Salvation Army centre, and I tell you — it was just like an oasis in the desert. It even had a green lawn and there people could come and find help and guidance. The Salvation Army is involved in these human tragedies. And what about the big problem of AIDS? You think you've got problems in the West. Africa has a very, very significant problem. And in the Salvation Army's hospital in Zambia, we have developed a very innovative AIDs program called Home-based AIDS Care where the medical team goes out into the villages and the AIDS patients are not separated from their family, but they are treated at home in the villages and then the whole village is educated. They are brought to the hospital on those special occasions when they need extra treatment. Our Salvation Army missionary doctor was recently invited to a very prestigious conference in London to explain this very simple caring AIDS program which I believe is going to become a significant program throughout central Africa.

Of course, I could keep you here all day telling you about our global mission, the varieties of our service for the disillusioned, the poor, the destitute, the sad, the lonely, the despairing. These are our people and we are fighting to help them. Finally, I say we are fighting to help people put the spiritual dimension back into life. In this contemporary world of ours, people have magnified the material and denigrated the spiritual so that people are often materially prosperous, but spiritually bankrupt. Very often in our Western world moral standards have taken a nose dive. Humanists tell us we have no need of God and environmentalists are more interested in saving a tree than a human soul. So, the Salvation Army is fighting. Whether we are fighting out in the streets with our gospel message and the band, or in the law courts or in the prisons or in our hospitals or just by Salvationists telling their neighbours that the Christian faith has something to say to the needs of today. I'm always very proud to quote a definition of the Salvation Army which was given by one of your great Canadian prime ministers, Arthur Meighen. He said: "The Salvation Army is a vital spiritual force with an acute social conscience, so that the Salvation Army is more than the social welfare agents." We have a spiritual message of hope and that's why when we've given a person a bed to sleep in, food to eat, we haven't finished — we want to assuage the deeper hunger in a man's life to be a better person. And we believe that if we make better people, we're making a better country. Now, this may seem quite simple to you, but it's important to us. Not long ago, I heard that famous chap, Chuck Colson of Watergate fame, who became a Christian when he was in prison and now has founded an important prison service, a Christian prison service; he said that he was one day looking through the Bible when he was a new Christian and he couldn't find a verse he was looking for, and he said to his friend: "Where do you find that verse in the Bible which says, "God helps those who help themselves?" His friend says: "That's not in the Bible, Chuck. God doesn't help those who help themselves. God helps those who can't help themselves. And God wants you, Chuck, to help them." And that's how he began his important work.

Yes, you may think that sounds very simple and it is often said that the Salvation Army is very simple because we have a simple faith. We have a faith that God made us; God loves us and that God will remake even the most messed up shattered life. It's simple, but in that simplicity we have found what many have missed in the sophisticated, complicated world of today.

It may be simple, but we are not fools because we have found the answer to mankind's need in Jesus Christ. Yes, the Salvation Army has been fighting — against evil and suffering in the world for over a 100 years. Some people say that we are fighting a war that can never be won, but I say when one person finds a will to live again; when one person gets a new sense of worth; when one person sees a glimmer of hope for the future, then we've won a victory and we'll keep on fighting.

The appreciation of the meeting was expressed by the Rev. Charles Plaskett, retired minister of the United Church and a Director of the Canadian Club of Toronto.

October 13, 1988

Esther J. Harshaw
Toronto School Trustee

BLINKERS AND BOOK BURNING

Chairman: **A.A. van Straubenzee**
President

Introduction:

One of the things we all take for granted in this country is our right to be educated. Some of us may not take it up — others may not grasp its importance. I'm lucky. When I was nine I attended a one-room school house to which I rode a horse every day. I actually did have the pleasure of sticking a girl's pigtails in an ink well — she was not my favourite person and we never spoke again. She's probably a successful politician somewhere out west.

My father removed me from that school because he was convinced that the horse was learning more than I was. So I went off to an independent school which was outstanding. After I had been privileged for a number of years, there was a younger brother who needed it more than I and I was plunked into a huge high school where anonymity was not only possible but probable. So I know how valuable education is and how the influence of our trustees is no small matter.

The federal election has cramped the style of our municipal politicians and overshadowed their efforts. Yet the municipal election is critical and particularly the issues involving education. We hear about illiteracy, books being banned, a deterioration in values, heritage, union policies, the Separate School Board versus the Public School Board and it is all very confusing.

There are 22 happy tillers in the vineyards to be elected by the Toronto

School Board alone, from heaven knows how many candidates. It's a tough job — they meet once a month formally, but once more as a standing committee and there are many committees beyond that. In trying to understand their role I felt that we should hear what they do, and what the issues are. This year we also will hear from a Senior School Superintendent and the President of McGill University, David Johnston.

I decided to call upon Esther Harshaw for three reasons.

1. She has served on the School Board for two terms (six years).
2. She received the second highest number of votes the last time around.
3. I like what she has done and what she represents.

Esther is married. She and her husband, Bill, have two children in the Public School system. She is the daughter of Mrs. Howard Clark, Anna, and the late great Archbishop H.H. Clark, Anglican Primate of all Canada from 1960 to 1971 and Chancellor of Trinity College from 1971 to 1980. Esther is a graduate of the University of Manitoba with an Honours B.A. and she is a former marriage counsellor.

At the Board level she has worked against the "Union Only" policy and an anti-free enterprise attitude, has supported the formal endorsement of Junior Achievement and has cut spending. She is Chairman of Students Alternative Learning Experience and Co-Chair of Central Staffing for the Elementary Schools. She is one of those giving people who work relentlessly for her fellow citizens and make democracy work — and she voted against the recent increases in salary. Ladies and gentlemen, Esther Harshaw.

Esther Harshaw:

First of all, may I say how very pleased I am to be here today. I'm a member of the Empire Club, so I believe I am likely a substitute for one of our national party leaders whose appearance has been re-scheduled.

Second, I understand we have had a sex therapist, the Prime Minister, the President of the United States, and the head of the Salvation Army so far this year. So, I am gratified that the Empire Club ranks education right up there with the Economic Summit, national politics, sex and religion.

Last week, you closed your meeting with Onward Christian Soldiers. I want to assure you that I shall not be leading you in a hymn sing before I leave. In fact, as you may know, our school system has turfed out some of the fine values you have been able to maintain. You still open with grace. A recent

Supreme Court decision does not allow prayers during the school day, because of our code of human rights and freedoms, although the Book of Prayers and Readings published by our Board will continue to be used in Toronto schools, until we are required to do otherwise.

You sing the National Anthem at each meeting; we might be lucky if our children know the words. In fact, in a recent survey, over half of our children did not know what the golden rule is. You dress for business, but our students have few guidelines on what to wear, although I did have incorporated into high school guidelines the ability for school communities to define dress codes — even uniforms, if they wish.

Like most politicians, I'm a born optimist. One of the reasons I decided to grasp the sudden opportunity to address you is that I believe education is the most crucial level of politics, for what we teach our students today will shape the future of our society. I have some very strongly held views on education; otherwise, I wouldn't be involved in the process.

The majority of us, whether or not we admit it to ourselves, really don't care much about educational issues at the public school level. We complain a lot about the lack of basics and traditional values being taught to our students, and we complain that our students are not being prepared for higher education, or for the workplace. But it seems to me that our efforts to help define and solve the problem are confined largely to a mild or severe case of indigestion when we pay our property taxes that fund the school system.

A large contributor to this general apathy is the lack of profile given to education by the national and regional media. It is viewed as the farm-system for the major leagues of post-secondary education. It does not arouse our passions or capture our imagination as colleges and universities do. But, if I do nothing more than hold your interest for the next 15 minutes or so; if I can convince you to vote carefully on November 14th for school trustees in your area, I'll be happy.

The best place for me to start is with numbers. Many of you may not realize it, but the public school system in Toronto, let alone Ontario or Metro, adds up to big business by any standard. In the City of Toronto alone, the Board of Education oversees 117 elementary schools and 43 high schools. Canada's largest high-tech manufacturer, Northern Telecom, runs 46 plants worldwide and few, if any, of the plants would house the number of people we house in an average-size high school. Our total budget in 1986 exceeded $400 million. Last year, well over 63,000 young people and 110,000 adults attended mainstream and continuing education classes in the system. We employ over 11,200 people.

The Metropolitan Toronto School Board, comprising the six area Boards, is in charge of a system that would challenge the administrative skills of any corporate manager. This system has 24,000 employees, provides teaching services to well over half a million students, and had a budget of about $1.5 billion in 1987. So your impression of big dollars when you pay your property taxes is well justified.

I've recited this litany of data — numbers of people, dollars, and physical plant, just to get your attention, and to help convince you that our public school system is indeed worthy of more thoughtful attention from all of us, if only because of the numbers and cost. This enormous physical presence demands firm and expert supervision. Regardless of what many may think about the quality of education from the system — and I'll have more to say on that point in a few minutes — I can assure you that it's well administered. As a Toronto School Trustee, I have first-hand experience on that score. Having said this, let me reassure you that the Trustee's primary role is NOT administrative. On that front, we administer the administrators.

The most important function of school trustees is the development of policy. This is a complicated task, demanding an almost schizoid quality of being able to keep in touch with the views of our constituents who elect us, without losing sight of the fact that maintaining and evolving a first-class system is not strictly a matter of politics. Trustees must also keep clear in their minds that their responsibilities extend far beyond the exclusive representation of those who vote for them. We must keep abreast of the needs and wishes of the entire community. I'm not suggesting anything unusual here. Like any group of individuals charged with managing a large and complex system, we deal with our fair share of conflicting demands. Our bottom line is the triennial municipal election, the ultimate performance appraisal. Then the people speak.

At one of our controversial meetings, one of the NDP trustees rose and, in exasperation, asked: "If there are any morons in the room, I would like them to stand." After a pause, I stood up. "Do you consider yourself a moron?" she asked. "Not really," I replied, "but I felt sorry for you standing up there all alone."

So, what does a trustee do? In a nutshell: we listen, we meet, debate and appoint. Listening is one of the crucial skills. In its broadest sense, we listen to delegations; we discuss with and listen to interest groups, students, staff, parents and taxpayers — anyone who wants to give us the benefit of their views. Through this process we give and take, we keep in touch with the community. We also solve problems, refine our ideas and positions, develop new programs, hear grievances, and help keep the professionals in our educational establishments in touch with their customers.

Depending on your point of view, our meeting load is a curse or a blessing. The Toronto Board has at present 47 committees and work groups. The number would be higher were this not an election year. These include regular standing committees such as School Programs, Personnel and Organization, Business Administration and Education Finance. Other regular committees are Special Education, Heritage Languages, Public Information, Race Relations, and French as a Second Language. The list could go on. In addition, there are ad hoc committees that are created and disbanded as required to deal with issues ranging from Parents' Rights and Responsibilities, Labour Studies, Property Development, and many others.

The most interesting part of the job, for me at least, is the part that puts me in direct contact with the students, parents, and other individuals. Whether it is trying to find the right program for a student, helping to solve a school bus problem, or just listening to a particular concern, I am at home. Perhaps my background in crisis marriage counselling and probation work is serving me well. Graduation exercises are always exciting events. The graduates are so full of hope, proud of their accomplishments, and eager to move ahead with their lives.

The listening and meeting portions of the job keep us in touch with current needs and problems. In combination with the hours of reading, preparation and general research, these activities equip the trustee for one of the difficult parts of the job: appointing the right people. The categories in which trustees have direct influence in selection of the best candidates, are Superintendents, Principals and Vice-Principals. It's one element of the job where we try to take as long and balanced a view as possible. Like any other process, education comes down to people. The right people doing the right job in the right circumstances is the overall objective of this vital part of the job. And it is the most difficult challenge all of us face. The ultimate judge is the community and Canadian society. They are the points at which our graduating students have some final influence. And that brings me to the main point of my remarks: the quality of our programs. While there are many excellent things about the system, we have our share of problems.

There have been many students in recent years that underscore emphatically the major shortcoming of our elementary and secondary schools: their inability to equip some of their graduates with effective communications skills.

Where does the Toronto Board of Education have blinkers on?

Last June, the Race Relations Committee proposed that William Golding's famous novel Lord of the Flies be banned from use in Toronto schools. Why? Because one sentence in it reads: "Would you rather be a bunch of painted niggers, or sensible like Ralph here?" So outraged was I with this recommendation that I promptly sent letters to the editors of two newspapers and spent three hours on the Ed Needham show in defence of the book.

We have seen, in both fascist and socialist countries, what happens when there are official censors to ensure that the public has no access to materials that deviate from the official "Line." Likewise, one of Canada's most respected novelists, Margaret Laurence, has had her book The Diviners banned from schools in Peterborough. Are committees of parents, teachers, school trustees or "concerned citizens" the arbiters of literary merit? I think not.

Then we have the trade unions. They have consistently supported the NDP candidates for the school board elections. There was a price for union support. It was the adoption of a policy which allowed the Board to accept tenders from unionized companies only. This policy was in contravention of Ministry guidelines and Metro policies. Consequently, when we were forced to accept a higher bid, full funding could not be obtained. This policy cost the Board and hence, Toronto taxpayers, too much. In February of 1985, I led the Board in overturning this left-wing policy. It was one Board meeting where I felt I had been invited to a cannibals' banquet, only to discover that I was intended to be the principal item on the menu! I got a great deal of satisfaction — even glee — from successfully establishing a Right to Tender policy which allows all companies who pay a fair wage to tender for, and if successful, contract with the Board. Much work was involved, but it was fun!

It is becoming increasingly clear to those of us on the right of the education continuum — and by 'right' I mean 'right' as opposed to 'left', and 'right' as opposed to 'wrong' — that the "wimp factor" that comes with the moral relativism that society seems to worship, has seriously begun to erode some basic educational values; the right to fail and competition that makes our country what it is today. The relativists, most of whom are left of centre, would have us believe that giving students marks is bad, because children would see that some children do better than others; another example is the disdain for organized sports. Why? Because some children wouldn't make the team and one team will lose. Concepts such as winning, losing, passing and failing, in relativists' minds, wind up with some children feeling less adequate than others. I have observed children making such judgments in a school that tried to eliminate these distinctions. Children know the strengths and weaknesses of their peers.

In the rush to eliminate discrimination, to provide the best support possible to children with learning disabilities and handicaps; to ensure that the system offers something for everyone, we seem to have allowed our standards to slip. We have lost sight of the fact that, in an increasingly competitive world, what counts more and more is results, not 'nice tries.' Our young people aren't measuring up in the basic comprehension skills, the ability to think critically and independently. With our society engulfed in a worldwide information revolution and all this implies, in terms of skills obsolescence, and social and economic adjustment, I am concerned.

I am concerned that the general public does not appreciate fully the adverse potential of the problem. And I am also concerned that we may not have the political will to address it even if we did.

On that score, there are encouraging signs. The Ministry of Education recently announced that, beginning in September 1989, proficiency standards will be introduced to measure comprehension in both English and Arithmetic at the Grade 3 and Grade 6 levels. The Toronto Board already had these tests put into effect last year. Parents want to know where their children stand.

My concern is that we may fall victim to the "wimp factor" again. This initiative can only be regarded as the thin edge of the wedge. I welcome it! The need for hard-nosed, basic standards exists at all grade levels. Because standards really mean across the board measurement of performance, I am fearful the initiatives such as this will not receive the grass roots political support they will need.

This move to reinforce and support basics is not strictly a matter of extension to all levels in the grade system. It must also extend to all areas of the curriculum and it must be reinstated as a strong factor throughout Ontario's educational system.

Inculcating in the minds of our education bureaucrats in Queen's Park, of our trustees and other elected representatives at all levels of government, as well as teachers and parents, the need for a sharper edge and a more objective approach to education at all levels, is a primary one. It is one that I and a number of my colleagues work towards constantly.

Part of the solution involves a re-examination and restructuring of the way we fund the education process. Indeed, financing of education will be critical in the next few years. I know that separate school funding has already cost in excess of $5 million. We must ensure that this is not at public school expense. Provincial pooling is also of great concern. That's a topic for another speech. Of prime interest to me in these remarks is the difficult challenge of instilling basic values into the system, which puts greater emphasis on objectivity and measurement.

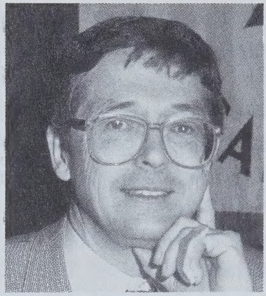
This brings me full circle back to you. When I began my remarks, I implied that you may not have an interest in listening to a school trustee from Toronto. I didn't come here to drum up votes for myself in midtown. Instead, I've come here today to try to get you a little excited about the primary and secondary school system of education. I encounter a lot of apathy and ignorance of the system and, to be honest, there's a fairly large reservoir of resigned fatalism that somehow the system is beyond the reach of you and me and other individuals it is intended to serve. I believe that this feeling is one of the prime reasons that the "wimp factor" exerts such a strong influence on educational philosophy and curriculum.

You **can** get involved. You **can** have an influence; and you must make your views known. The system just can't work without you.

I would like to close with a quotation from George William Curtis:

> "The sure foundations of the state are laid in knowledge, not in ignorance; and every sneer at education, at culture and book learning, which is the recorded wisdom of mankind; is the demagogue's sneer at intelligence and liberty, inviting national degeneracy and ruin."

The appreciation of the meeting was expressed by E. John Freyseng, Q.C., Partner, Blaney, McMurtry, Stapells, and a Director of The Empire Club of Canada.



October 20, 1988

Donald G.M. Coxe

Chief Portfolio Strategist, Wertheim Schroder

THE CRASH OF 1987: WHAT DID IT REALLY MEAN?

Chairman: **A.A. van Straubenzee**
President

Introduction:

A year ago yesterday we all remember where we were and what we were doing. It was one of those historic days.

I am in the executive search business, which has nothing to do with anything. Except that on October 19, 1987, our little firm was working on six assignments for clients in the investment business. By October 20, four of the projects had been cancelled. The remaining two had been cancelled by month's end.

So, like most of you in the room who felt the terrible effect of Black Monday, I was not excluded.

Good fortune made it possible for me to participate in the investment business for almost 10 years. During that time I saw the 69 salad days turn to gloom. I saw a recession that appeared in the mid 70s, and I saw the horror of the 1980 downturn.

But then I observed five super years. Those of us associated with the investment business object to the word greed — after all we know the risk and many here have taken it willingly and some have paid a heavy price.

The investment business is probably among the most exciting in the world, because it is usually where the action is and it is ever changing.

But the small investor finds it hard to understand what options are, and swaps, and junk bonds, and LBOs, and hedging, fundamental vs. technical, top down asset mix and bottom up stock pricing.

You have to admit, ladies and gentlemen, it does get rather confusing. And it gets even more so when the economy appears buoyant, but few new issues are emerging and the only game in town seems to be mergers and acquisitions.

According to The Farm Implement News: "A recession is a period in which you tighten your belt; a depression a period in which you have no belt; and, when you have no pants to hold up, it's a panic."

But Black Monday knocked even our socks off.

Well, here we are, a year and one day later, and we have with us an outstanding Canadian who is on Wall Street with Wertheim Schroder as a strategist.

Don Coxe is no stranger to most of us. He writes the Back Page in Canadian Business Magazine. He had an outstanding career with MuCana, the investment counselling arm of Mutual Life Assurance Company of Canada. And, he had great success with Gordon Securities before being lured to the smell of the grease paint and the roar of the crowd.

We are pleased to have him back among us, even for a short time, because we know he, if anyone, can enlighten us on The Crash of 87 — One Year Later.

Donald Coxe:

It is a pleasure to be with you today. That kind of opening remark risks the instant response that it is merely trite. What speaker ever began by saying he or she was unhappy to be with the gathering? Recognizing that the distinction between civility and banality can be blurred, I reiterate my pleasure. My reasons derive of more than the merely ordinary.

First, I am back in my hometown after months of travel, speaking to a group that includes many of my friends and family, whom I don't see nearly as often as I'd love to. Secondly, I am glad not just to be here, but in unscathed, and unscarred form. That assertion does not merely refer to the risks inherent in being a global strategist on Wall Street, a risky position in all but the best of times — and these times, though better than a year ago, certainly aren't the best of times for brokers.

No, I allude to an event that took place high in Banff National Park last month, when my wife, son and I were hiking on a lonely trail. We encountered a grizzly bear mother with cubs, forcing a rather hasty retreat singing gospel hymns. That choice of joyful noise because we wanted everything going for us except the bear.

To me, a grizzly bear is one of the few things in Canada more terrifying than the manifesto of the New Democratic Party.

After we reached the safety of the parking lot, my son remarked that, all the way down the trail, he had been reflecting that it would have been a symbolic form of death for a stock market strategist to be killed by a bear. We are gathered here this day in remembrance of the death, by a sudden bear attack, of a great and good friend, the Ronald Reagan bull market. A spectacular death was, I guess, a fitting end for that most splendid of bull markets. And, given that Mr. Reagan's political career was born in a television appearance, it is surely poetic that his stock market extravaganza should exit in what was the ultimate capitalist debacle for TV.

It was made to order for TV journalism: it happened worldwide, sequentially, in real time, like some giant tsunami washing across the globe. It touched an atavistic nerve in most of us, arousing instant fears that this Crash, too, would lead to a depression. And, finally, its origins were complex, but the commentators could seem to explain it without assuming that the audience had a deep knowledge of the subject or, in most cases, having little more than outdated prejudices themselves.

A year later, both the terror on the floors of the stock exchanges and the terror on TV seem almost unreal. Indeed, in both Canada and the U.S., far from facing a depression, we have such robust economies that the central banks are practising precisely the same monetary policies as those that helped induce the Crash, because of their fear that overexuberant consumers will produce serious inflation. And I have it on the very best authority that Toronto housing prices are up smartly since the Crash.

So was Black Monday just an aberration, a mere shock without transcendent meaning, such as the trade of Wayne

Gretzky? Was it, as a befuddled Reagan said that day, a case of profit-taking? Was it, as the Brady Commission later diagnosed it, mostly a case of computers run amok? That assessment has gained, I should note, a wide following, because it pleased so many constituencies; it delighted the politicians because it didn't assign them any blame for failing to face up to the budget deficit; it pleased most investors, who had long been resentful of the growth of computer-based trading strategies, and it satisfied the TV journalists, because it could be summed up in three minutes of airtime.

Any explanation with that kind of support is prima facie wrong. I believe that Mr. Brady's experimentation with financial Ludditism was a venture in triviality. He ignored the profound tectonic shifts in the underpinnings of global financial markets. It is as if a committee of inquiry after the San Francisco earthquake had made no reference to the San Andreas fault, and had ascribed all the deaths to inadequate emergency procedures.

To me, the Crash was an historic event with deep meaning. It was the ending, not with a whimper, but a bang, of a four-decade historical continuum, the postwar era, built on the twin assumptions of American military and financial hegemony. We have entered, after those death throes of the old order, a new, and more uncertain kind of economic, financial, and strategic environment. The Crash was the equivalent of the death, by a slip of the surgical scalpel, of a terminally ill cancer patient — a mere acceleration of an inevitable demise. The out-of-control computers simply telescoped the time of the inevitable ending.

When I agreed with your organizers to discuss the Crash as the end of an era, I felt reasonably confident about the assignment. However, I learned some very disturbing information last week in Hong Kong that makes me feel diffident today. I had prepared the first draft of today's remarks on a laptop computer while en route to the Far East. While I was in Hong Kong, the Chairman of Merrill Lynch came to town for a speech to a business group. Mr. Schreyer began his remarks by citing, with approval, a psychological study on the interaction between speakers and audiences.

According to this study, only one-quarter of the typical audience listens to a speech the whole way through; another one-quarter tunes in and out; the remaining half, he asserted, spends virtually the full time of the speech in silent sexual fantasizing. Coming from such a lofty source, that is a troubling — indeed a pernicious — analysis.

It is particularly disconcerting for me today, because I know so many of the people in the room, and that arouses the most unspeakerly temptation to let my mind wander from the text, trying to decide which half of the audience is which.

Forcing myself to today's agenda, and urging all of you to suppress your urges, let me note an arresting coincidence: a year after the death of the post-war era, voters in both Canada and the U.S. are facing national elections. If the Crash had meaning, then the next governments of both countries will have as their core priority the devising of strategies to deal with this new kind of world economic order.

I have visited three Canadian provinces and 12 of the states during the campaigns, and have found no evidence that politicians are discussing the important questions. Although that is a depressing thought, there is, for Canadians, a bright side to a dull election campaign that has tried to evade the key questions. That consolation comes because our elections have become more fun than their American counterparts.

Canadian elections are somewhat participatory because of the lawn sign wars. Through these public displays of affection by a supposedly reserved people, we all get involved, both as displayers, and as counters as we drive through the ridings. Americans have given up on lawn signs. Indeed, after weeks of searching lawns from sea to shining sea for just one George Bush sign, I found myself willing to settle for a Dukakis sign, and was denied even that modest uplift. During elections at least, the American ethic has a stern emphasis on lawn order.

That is possible because TV has transmogrified the American electoral process, lobotomizing most of its enthusiasm, openness, and willingness to discuss complex issues. The biting arguments and public flag-waving of a Roosevelt or Truman-style campaign have given way to 30-second sound bites and visits to flag factories, while the complex concepts of think tanks are eschewed in favour of poses in tank turrets.

What should the politicians be telling the people as a result of the Crash?

The Crash came when the system of co-ordinated central bank management of global liquidity collapsed under the weight of a worldwide run against the world reserve unit, the American dollar. That it came at a time when stocks were overvalued anyway guaranteed a precipitous drop. But the consequences of the sudden end of the post-war era would have been almost as gut-wrenching had the market been trading at more modest price-earnings ratios.

The Crash had its origins in the gradual decline of the U.S. from being overwhelmingly the strongest economic and military power to being an overcommitted elder statesman in a fiercely competitive world. The post-war era was the most sustained period of growth in human prosperity and freedom in history because it was driven by the most benign imperialist ever, the United States. The U.S. rebuilt war-torn economies, opened its markets to foreign goods, goaded colonial empires into extinction, and shouldered a disproportionate share of the burden of keeping Communism at bay.

Under the American nuclear umbrella, and with the example of democratic capitalism it displayed, Europe and Japan were, by the 70s, able to challenge American economic leadership. Their opportunity came when Paul Volcker, in what was to be the last unilateral act of American financial hegemony, smashed world inflation by draconic tight money policies which had the side effect of driving the American dollar to over-valued levels.

Making the dollar more precious than gold was the only way to defeat inflation, but it was a disastrous policy for American industry. Many American manufacturers had lost their competitive edge anyway, because of complacency that America was destined to stay on top forever, no matter how flaccid its managers, how profligate its government, or how watered-down and inadequate its public education system.

The economic gods punish such hubris severely, and even as the edifice complex that was one of its attributes was overbuilding offices and shopping malls from Houston to Boston, thereby undermining the banking and savings and loan industries, the competitive position of much of the American goods-producing industry was crumbling. The trade deficit reached terrifying levels, and the fiscal deficit looked to be out of control.

Paul Volcker's attempt to restore the dollar to its former throne never had a much greater chance than did Bonnie Prince Charlie. Meanwhile, Ronald Reagan was engaged in another costly — but more successful — effort to revive the past: he was rebuilding America's tattered military capability, a necessary, but painful undertaking. That it may have unlocked the door to peace didn't make the strategy any cheaper.

By 1985, it was apparent that the U.S. was staggering under its twin burdens, while its allies' economies were flourishing from the U.S. trade deficit. Something drastic had to be done. It was — on September 21, 1985, when shrewd dealmaker James Baker convened, at the Plaza Hotel in New York, a meeting of the Finance Ministers of the five leading industrial powers. He got agreement on a deal to devalue the dollar. The object was to make American industry more competitive through a lower dollar, and to fund the fiscal and trade deficits during the time it would take Washington to get its house in order. Thus was born a new financial creature: global liquidity, co-parented by, and managed by, central banks.

So impressive was this new creation that in February 1987 the founding fathers got together at the Louvre with new club member Canada to build a safety net for a dollar that now looked to be in free fall. Announcement of that deal sparked a worldwide rush into American stocks and bonds. Foreign investors decided that if they couldn't lose by buying American, they were going to get as much of it as they could.

That almost-orgiastic combination of foreign desire and attractive American assets was consummated in a 500-point runup in the Dow Jones Average, an effulgence that stimulated similar activity abroad. It was the first huge rally ever on Wall Street accomplished when American individual investors and pension funds were heavy sellers throughout. The world's first experiment with global liquidity was the biggest tonic for stock markets ever seen. But over-consumption of tonics can be dangerous to one's health.

The central bankers couldn't maintain forever the myth that the dollar was really worth more than 145 yen. Although they bloated their own exchange reserves by gigantic open-market acquisition of dollars, they met their comeuppance in late August 1987 when the publication of the June U.S. trade deficit knocked out the last vestiges of market optimism that the dollar devaluation had gone far enough.

Once foreign investors sniffed that another dollar tumble was inevitable, they dumped U.S. stocks and bonds. Private bankers worldwide operating in the Eurodollar market smelt blood, and managed to get short the almost unbelievable total of $143.5 billion in the weeks before the Crash.

Meanwhile, the U.S. Federal Reserve Board, now led by new Chairman Alan Greenspan, was pursuing an extremely tight money policy to try to defend the dollar and fight inflation. Central bankers abroad, faced with this concerted flight from the dollar, bought more than $100 billion, but they finally buckled in October. The private bankers were shorting the dollar, private investors were fleeing from it, and the Fed had stopped printing them.

The greatest liquidity crisis in the dollar area in post-war history was thus inevitable. That crisis smashed the stock markets here, and set off aftershocks around the world.

So the end of the Reagan bull market also marked the end of the post-war era, because no one, certainly not George Bush, believes that the U.S. could, or should, climb back to a lonely throne. The U.S. is now the primus inter pares of an international grouping that hasn't yet written its own operating rules.

Why was there no economic collapse after the Crash?

First, over-all global liquidity was adequate, because the Plaza Agreement had set off the biggest expansion in total liquidity ever seen. Therefore the dollar liquidity crisis was offset, in great measure, by liquidity in European and Asian currencies.

Secondly, the Crash forced the Fed to slash U.S. interest rates, sending the bond market into orbit, and knocking Eurodollar rates down to levels that could be met by Third World debtors on the $450 billion in floating-rate loans owed to private banks. The single most crucial financial relationship for the banking system is the ratio between commodity prices and Eurodollars, because those 45 overstressed LDC borrowers have no hope of meeting their interest costs if dollar rates are high and commodity prices are low. On the day before the Crash, that spread was at its most perilous in history. Had the Crash not occurred, we would have faced, within weeks or months, the greatest worldwide banking crisis since the Great Depression. A simultaneous worldwide default by most of the Third World debtors would have wiped out the equity in so many of the West's biggest banks that a catastrophe would have been certain.

From that perspective, the Crash was probably the salvation of the international banking system. Regrettably, the Crash did not convince politicians in the dollar area — Canada and the U.S. — that the rest of the world could not fund their fiscal indiscipline for much longer. Nor did most North American politicians reflect on the fragility of the North American economy exposed by the Crash, or on the heightened competition from across both the Pacific and Atlantic as new trading zones emerged. In particular, Canada's extreme vulnerability to the effects of the creation of a true Common Market in Europe in 1992. And the astonishing growth of the new East Asia Co-Prosperity Sphere hasn't convinced enough Canadian politicians that this country and the

U.S. had better get on with free trade in a hurry.

Yes, we dodged the bullet a year ago. But don't let anyone try to reassure you that the Crash came because of excessive speculation in the stock market, and that it was therefore just another stock market adjustment. Last year's market, while unquestionably over-enthusiastic, was not of the South Sea Bubble or 1973 Nifty Fifty Variety. It was not based on an illusion of endlessly rising price-earnings ratios, but on a deeper illusion — that Wall Street and Pennsylvania Avenue were still the addresses of the guarantors of endless peace and prosperity.

Our economies have survived the Crash: indeed, they were assisted by it, because of the fall in interest rates and the further devaluation of the American dollar, and with it the Canadian dollar. Industrialists and workers across Canada should be grateful that the Crash came when it did, and with consequences that, to date, are so salutary.

But the world is now leaderless, and we have entered an era where co-operation among the advanced nations is not just a question of convenience, but, for North America, of survival.

Myths, properly understood, are symbolic bases for social, military, or other useful cohesion. The myth that the U.S. could maintain indefinitely both the greatest share of the cost of the defence of the Free World and the strength of the world reserve currency was a highly profitable anachronism for governments from Singapore to Switzerland.

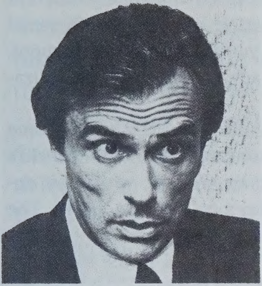
The Crash exploded the myth.

We must come to terms with a new, and as yet undefined, reality. The stock markets of most of the world have been trading in a sideways pattern this year, consistent with this transition stage to a new kind of economic and financial alignment which will give investors the benchmarks needed to assign values to stocks and bonds across national boundaries.

An optimist might say that the Crash ended an era in which one overburdened power yielded to a splendid new era of international co-operation. In that environment, a new global bull market would soon begin that would eclipse the best that stock markets could do in the Americo-hegemonic world of the past. Such an optimist might note that the central ideals of American capitalism — democracy and a society based on individual initiative — were fast on their way to affirmation around the Globe. That kind of optimist would view the Crash as the mythic death from which great new organisms drew their lives.

I identify myself with that optimistic forecast.

The appreciation of the meeting was expressed by John F. Bankes, Vice-President, Investment Banking, First Boston Canada Ltd., and a Director of The Empire Club of Canada.



October 27, 1988

Lester B. Korn

Chairman of Korn/Ferry International and former U.S.
Ambassador, United Nations Economic and Social Council

THE UNITED STATES AND THE UNITED NATIONS

Chairman: **A. A. van Straubenzee**
President

Introduction:

There are three things to be grateful for this month. The first is that on Monday the United Nations celebrated its 43rd birthday.

The second is that the UN's Peace-Keeping Forces have won this year's Nobel Peace Prize. This has a great deal of significance to Canada because we have liberally supported these missions in many parts of the world. My own family feels particularly proud because my brother wore the blue beret as a young Lieutenant in the Suez Peace-Keeping Mission in 1957 and was one of the first casualties, so his award must be accepted posthumously.

The third reason for our gratitude is the decision of the General Assembly to overwhelmingly return us to the Security Council. This is a reflection of how we are viewed by our peers around the Globe and is a tribute to Ambassador Yves Fortier and his predecessor, Stephen Lewis.

The Maslow hierarchy of needs identifies, first, physiological needs, such as food and water; then the need for security, shelter, a job, and safety; social needs, acceptance by one's peers; needs of the ego; and self-actualization, a contribution to society. I bring up this hierarchy because it is relevant to the area of the UN in which Ambassador Korn has been working — the economic and Social Council. The council accounts for 80 per cent of the UN's budget. It is concerned with many different issues — including population, children, housing, women's rights, racial discrimination, drugs, crime, social welfare, youth, human environment, food and other economic problems such as trade, transport, industrialization and economic development.

There is another reason why I am particularly pleased to welcome Lester Korn to Toronto today. That is because he is head of the world's largest executive-search firm, Korn/Ferry International, which he co-founded in 1969 and which has over 50 offices around the world. The Ambassador therefore knows something about the importance of people and leadership in today's complex world. Those of us in the executive search business usually dislike being called Head Hunters. I get it all the time but it is hardly an appropriate title for such a public spirited man who has spent so many years in civic and government affairs.

I wish I could list all of his appointments and accomplishments. Here are a few. He was Chairman of the California State Commission of Citizen Participation and Government from 1979 to 1982. He was a special adviser and delegate, UNESCO Inter-Governmental Conference on Education for International Understanding, Co-operation and Peace, April 1983; and a member of the President's Commission on White House Fellowships. He is on the Board of Overseers at the University of California School of Management; the Board of Trustees of the City of Hope Medical Centre and the Board of Governors of the Cedars Sinai Medical Centre. He was awarded the University of California Alumni Professional Achievement Award of Excellency in 1984 and the National Brotherhood Award of the National Council of Christians and Jews in 1987.

Sir, in this important month for Canada we could not be more honoured than to have you as our guest speaker today.

Lester B. Korn:

I am indeed honoured to be here today to speak before the Empire Club of Canada and I thank you for your invitation. Canada and the United States have a time-honoured tradition of strong co-operation in multilateral diplomacy. It has been my good fortune to have worked closely with the Canadian ambassadors to the United Nations: Ambassador Yves Fortier, Ambassador Paul Laberge and Ambassador Stephen Lewis. Canada plays a strong role at the United Nations and I have been most impressed with the entire Canadian Mission to the UN.

When President Reagan asked me to take a leave of absence as Chairman of Korn/Ferry International and become an American Ambassador, I was indeed honoured. And now, as I return to the private sector, I would like to share with you today some of my perceptions.

As the most recent U.S. Ambassador to the United Nations Social and Economic Council and as the U.S. alternate delegate to the 42nd and 43rd general assemblies, I believe that I have witnessed a period marked by the new spirit of co-operation on the world scene. Peace is literally "breaking out all over." And, the United Nations has assumed a more vigourous role as peace-keeper — an idea first advanced by Prime Minister Lester Pearson. The United Nations has also been a supporter of human rights, regaining respect as a viable international organization.

Substantial progress has been made at the UN in four critical areas:

1. Progress in financial and budgetary control and administrative reform to realistically plan for the future to ensure that the money the UN spends is used for peace-keeping and humanitarian goals and not for increases in the UN bureaucracy.
2. Political progress made in such "hot spots" as the Iran-Iraq war and the Afghanistan agreements to restore peace.
3. Social progress is being made in human rights, women's rights, AIDS education and other areas of critical concern to the planet, and much more needs to be done.
4. And on the economic front there is progress with the passage of a resolution on entrepreneurship at the meeting of the Social and Economic Council in August, which endorses private enterprise. In such strong agencies as UNICEF and UN Development Programs, the UN is also making progress.

I would like to share some of my thoughts about the UN's role today, the U.S.'s view of the UN and UN budget and reform efforts with you.

In President Reagan's address to the United Nations General Assembly this September he said of a building in Geneva:

"The Palais Des Nations was the headquarters of the League of Nations — an institution that was to symbolize an end to all war. And yet that institution and its noble purpose ended with the Second World War . . . We are here today, . . . determined that no such fate shall befall the United Nations. We are determined that the United Nations should succeed and serve the cause of peace for humankind."

During my confirmation hearings, I told the U.S. Senate I viewed the United Nations with considerable skepticism but that I believed that if we didn't have a UN we would want to help create one. Believing that the United States must act with vigilance and prudence in this world organization, President Reagan's guidelines to his American Ambassadors to the UN were very clear. I saw my mandate as helping to make the UN more responsive and I believe that we have made great strides toward this goal. I am pleased to tell you that I feel that the climate for the interests of the Western allies in the United Nations is better today than at any time in the last 10 years.

If I may, I would like to discuss the perception of the United Nations in the United States.

Over the years, American participation in the United Nations has been widely criticized domestically because of "U.S. bashing" by member nations, escalating bureaucratic costs and the organization's past record of ineffectiveness on the world scene. But the winds of change have touched the United Nations — in part because the U.S. administration backed by Congress has taken a strong stand in a number of areas.

In response to this anti-American rhetoric and budget increases which were out of control, the United States withheld a portion of its payments to the United Nations in 1987 and 1988. This action followed laws enacted by Congress and has excited a great deal of recent publicity and misunderstanding.

I would like to get the facts straight about our participation in the United Nations.

U.S. efforts at UN reform have their legislative basis in the Kassebaum/Solomon amendment to the State Department Authorization bill. The amendment required the President to sign a determination that administrative and budgetary reforms are taking place within the UN before U.S. payments would be made to the UN. The President did this, and a $15.2-million payment was made to the UN on September 14. An additional $28.8 million was paid this month. Most important, $85.6 million of FY 1989 funds have been presented to the UN.

The President will be required by U.S. law to sign an additional determination to release additional FY-89 funds if this year's General Assembly endorses the consensus recommendations of the Committee for Program and Co-ordination on the Secretary General's Budget Outline for 1990-91. In spite of these payments, the U.S. will remain in arrears until Congress appropriates the full funding of a plan to pay off outstanding arrears. President Reagan has directed the U.S. Department of State to develop a plan. This will not occur until next year at the earliest. It is likely that any plan enacted by Congress would reduce the arrears over a period of years.

For all of this, it is important to keep one thing in mind. The United States still is the single largest contributor to the United Nations.

Consider the facts. The United States will spend nearly $1 billion this year for the UN and its specialized agencies. That includes funds for administration as well as voluntary contributions to numerous programs such as UNICEF and the World Health Organization. The U.S. will provide money to fight global drug trafficking, to provide worldwide AIDS education, to help refugees, to further human rights and to promote women's rights.

By withholding a portion of our assessments, the UN Secretariat and the 159 member-nations have agreed unanimously to make a 15-per-cent reduction of staff which we hope will be achieved by the end of 1989. This was a difficult decision but one that was absolutely necessary to ensure that the UN bureaucracy does not devour the funds needed to benefit the world's needy. We hope that money will be spent directly on activities that benefit programs rather than bureaucracy. Improved controls over wasteful and duplicative bureaucratic costs are a major priority for the U.S. Most nations agree with us and Canada has been a leader in this effort.

Another major step forward in the reform effort was the decision in late 1986 to have major decisions on budgetary issues reached by consensus in a small committee.

We also wish to see a simplification of the UN's organization structure. Duplication of work in the subsidiary bodies of the UN can be reduced and eliminated. Where the mandate of a committee has been fulfilled or exhausted, the committee in question should be abolished in order to free resources for higher priority work, with the priority determined by the member states and not by self-perpetuating international bureaucrats.

President Reagan underlined the importance of UN reform to the U.S. when he said: "...We see not only progress but also the potential for an increasingly vital role for multilateral efforts and institutions like the United Nations. That is why now more than ever the United Nations must continue to increase its effectiveness through budget and program reform."

In my opinion, reform becomes ever more important as other major peace-keeping operations are added to the UN's responsibilities. Resources have to be found to fund these high priority projects. UN forces are crucial to the cease-fire between Iran and Iraq. There may be UN peace-keeping forces required in Namibia if recent agreements are carried through.

UN member states interested in reform must be watchful of possible reactions within the UN Secretariat that signal that the reform process is complete. The need for efficiency and economy in the UN operations will continue into the foreseeable future. This is one cause that will not go out of style.

As to the role of the UN in the world, the UN has received a great deal of deserved praise lately. The award of the Nobel Prize to the UN's peace-keeping forces highlighted the constructive role that the UN can play in finding solutions to ongoing and bloody conflicts like Iran-Iraq.

The UN has been instrumental in promoting a settlement in Afghanistan. The Soviet Union has met its target of withdrawing half of its troops from Afghanistan by August 15, but this is no reason to be complacent. All Soviet forces must be withdrawn on schedule so that all Afghans can enjoy their right to genuine self-determination. The U.S. stands ready with the nations of the region and of the world to contribute to the safe return of the millions of refugees and to promote the processes of reconciliation and rebuilding.

In other hot spots, such as Namibia and Angola, the Western Sahara, and in Cambodia, negotiated settlements have been completed or are in process. Parties in these conflicts have looked to the UN to facilitate negotiations.

The UN has done excellent work in three areas of special concern to the U.S. First is the fight against terrorism, second is the World Health Organization's co-ordination and advancement of research into AIDS and third is the fight against drugs.

And so, I believe the UN is moving forward:

1. On the financial front, the continuing budgetary and administrative reform movement of the UN itself points to a new vitality of the organization.
2. On the political front, progress has been made in several troubled areas. The UN worked out the accords for Soviet troop withdrawals from Afghanistan. And, it has mediated the conclusion of the nine-year war between Iran and Iraq, and will provide peace-keeping forces to implement the pending agreement. We have high hopes concerning an agreement in Namibia and Angola. Progress is being made on the Western Sahara, Cambodia and Cyprus. But much still remains to be done in other areas, particularly in winning a fairer

hearing for Israel at the United Nations.

3. On the social front, the United Nations is throwing its weight behind Human Rights, Women's Rights and AIDS education — to name just a few critical issues.
4. On the economic front, the United States introduced an Entrepreneurship Resolution in Geneva at the meeting of the Economic and Social Council this summer. The resolution advocates the importance of the creative spirit and economic vigour contributed by entrepreneurs. After heavy lobbying it passed unanimously, and we were greatly assisted by Canada. It was the first U.S. resolution to do so in some time.

When I'm asked by my fellow Americans what I think about the United Nations, this is my message:

Yes, I want Americans to continue to ask what is going on.

Yes, I want Americans to understand that many things occurred at the UN in the past that are not in our interests. And the UN is far from perfect now.

Yes, I want the U.S. to fight anti-American actions there.

Yes, I want us to remain in the UN to further U.S. objectives.

And, yes, I want the UN bureaucracy to become more efficient so that we may resume and continue our financial support in good conscience.

We cannot give up on the United Nations, particularly as progress is made in so many areas. The U.S. and other nations practise diplomacy on a bilateral as well as a multilateral basis. And, if the UN did not exist, we would need to form such an organization. This is especially true now when we need to work so hard on the complex and critical issues facing the planet: Women's Rights, Human Rights, the Environment, World Health and the fight against AIDS, and continued political unrest.

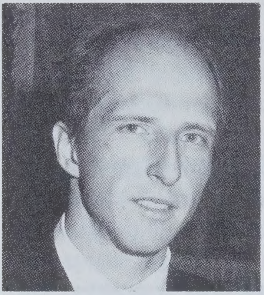
Member nations in the UN need to monitor the UN, criticize it when necessary, but work to make it responsive to all our basic interests. The United States has found that this will be an ongoing process.

There is a spirit of reform that is bringing much needed change to the UN. The tangible results of this have been a greater effectiveness in the UN's peace-keeping and humanitarian missions. The United States has committed to "Reform it — not wreck it."

Let me close by quoting again from President Reagan's address to the United Nations. "Free people blessed by economic opportunity and protected by laws that respect the dignity of the individual are not driven toward war or the domination of others. Here, then, is the way to world peace."

I think that we can all agree with that. Ladies and gentlemen, thank you for the honour of inviting me to be with you today.

The appreciation of the meeting was expressed by Charles C. Hoffman, President, Business Planning Associates Inc., and a Director of the Empire Club of Canada.



November 3, 1988

Richard Weber

Adventurer

ACROSS THE NORTH POLE

Chairman: **A. A. van Straubenzee**
President

Introduction:

What we have here is not something you hear about every day. It is not an afternoon outing in the country, a trip to Europe or a white-water rafting trip. It is a unique and impressive feat by 13 men — nine Soviets and four Canadians.

What these men have in common is a fascinating and remarkable achievement, the first transArctic expedition in history, from the U.S.S.R. across the North Pole to Canada.

Richard Weber, the Canadian leader of the expedition, had travelled to the Pole in 1986 with a U.S. team. It never occurred to him at that time that he would again head across the Arctic ice pack to the top of the world.

But the Soviets proposed a joint Soviet-Canadian ski expedition to form a polar bridge from Siberia to Canada, linking the East and West across the North Pole.

The four Canadian team members were selected from 300 applicants. Richard Weber, 26, and Rev. Laurie Dexter, a 42-year-old Anglican minister, were chosen following a training camp in the Soviet Union. The other two Canadians — Chris Holloway, 30, and Dr. Maxwell Buxton, 31, were added later.

Mikhail Gorbachev told the expedition: "Your trek will undoubtedly serve to strengthen the mutual understanding and good relations between the U.S.S.R. and Canada."

The expedition covered 1,200 treacherous miles in three months. The four Canadians spoke no Russian, and the Russians spoke little English. The conditions they were to face were so awesome there was no way they could be sure of success. Their survival would depend on how well they could work together under extreme pressure. Cultural differences aside, the physical demands of the trip would be gruelling.

When the team arrived at the North Pole for the halfway celebration, the trip had begun to exact its toll. Max Buxton, the doctor on the Canadian team, described, in a letter home, the skin on his team-mates' faces as: "pizza-like wizened packages of freezer food or last year's frozen brussel sprouts."

On the Canadian side of the Pole, the team faced relentless sun as opposed to the constant twilight during the first half of the trip. They also had to surmount 60-foot hummocks created by sea currents pushing the ice together.

On June 1, they arrived at their final destination, Canada's Ward Hunt Island. The team had survived three months of extraordinary hardship on the ice cap.

Some of the interesting aspects of the trip:

- Dr. Max Buxton proposed marriage to Nancy Burton at 2 a.m. Easter Monday by Ham radio.
- The team discovered that at minus 40 degrees Celsius peanut butter does not stick to the roof of the mouth.

Richard Weber joined the national ski team in 1977, has won 20 national ski titles and represented Canada in four championships. While at the University of Vermont, he was twice named All-American. In 1984 he graduated with a degree in mechanical engineering.

Since his most recent polar expedition, Richard Weber has been lecturing extensively. He has spoken to, among others, the Royal Geographic Society in London and the Swiss Federal Institute of Technology in Zurich.

We are honoured to have him here today.

Richard Weber:

It was incredible for myself when, after months of preparation, we were actually standing on the start. It seemed impossible to realize that, across the Arctic Ocean, somewhere on the other side, was Canada. It was really terribly exciting. The Arctic Ocean is like a giant jigsaw puzzle and as the pieces of the puzzle move with the winds and the currents, these pans can push up against each other, forming pressure ridges which get up to 60 feet, or 20 metres, in height. At the same time, they can pull apart and open up, forming open water and great blocks of ice the size of a house.

We had to carry all the bare essentials on our backs and this made our backpacks 45 to 50 kilograms, which incidentally isn't much less than I weigh myself. When we started the trip, we may have looked like Santa's helpers, but we weren't really carrying any frivolous items. This was truly the land of the midnight sun. We started off in polar twilight and every day the sun comes up a little higher and a little higher until, when we reached the end of March, the sun no longer sets but just goes in increasing circles around your head. When you actually reach the North Pole, one of the ways you can tell you're there is that the sun no longer rises or falls. It simply goes in a circle about your head. This is really perhaps the single most significant thing about the Pole, because when you actually get there, it doesn't look any different. It's not like the peak of a mountain. It doesn't look any different than the 900 kilometres it took to get there. The light never changes. There's no morning and there's no evening. The intensity never changes.

We had some cold weather. To start, it was minus 48 degrees Celsius and never really went above minus 40 for the first month. Lots of Canadians have been at 40 below before, but it's a little different when you're camping out in it for a month and there are no warm buildings to go to and no bathroom. The worst day we had was 30 below with a 70-kilometre-an-hour headwind. You've got a big fur hat on and a fur ruff and a mask and all you can see is a very small patch of snow in front of you and you fix on the skis of the person in front of you and your world is limited to this few square feet.

The start was a little rough, but the ice generally on the Soviet side is smoother and the ice actually drifts with the currents in a direction towards Canada. So, even when we were asleep, we were still moving towards our goal slowly.

When we started the expedition, there wasn't a single Soviet who could speak fluent English and there wasn't a single Canadian who could speak fluent Russian. But through a mixture of broken English and Russian and hand signals, we always managed to get our messages across, simply because we had to.

We would ski for 15 minutes and then rest for 10, which is great in theory, but in practice it turns out that the first person skis for 15 minutes and stops, and then after his 10 minutes, he is ready to go . . . whereas the last person is just getting there. The first person is getting cold because it's 40 below and the last person wants his rest. So it can lead to some frustration.

In the middle of the day, we would stop for a little bit longer and have a cup of coffee. There is a little bit of a trick to drinking coffee at 40 below. You pour it into your cup. Of course, it's scalding hot, but by the time you're halfway through, it's luke warm and by the time you get to the bottom of the cup, it's starting to freeze.

As part of the scientific program of the expedition we had to take geomagnetic measurements every evening. There was a Soviet scientist who presented a theory that there's a second magnetic North Pole on the Canadian side. Not everyone was in agreement with his theory, but no one had actually gone out there and done the measurements, and it so happened that where we were going to ski was exactly that area. So, we did measurements every evening throughout the expedition and it seems that there is no second magnetic North Pole — only one located in Northern Canada.

Every 13th day, it was your turn to be on duty. This meant getting up at 4:30 a.m., making breakfast for everyone, having it ready for six, being in charge of making sure everyone got their coffee at mid-day and being in charge of the evening meal. The evening meal was the best time of the day. You were always hungry by that time. We ate a very high fat diet of about 6,000 calories. A normal diet is about 1,500 to 2,000 calories. We ate Canadian food and Soviet food. In Canada, we had pemmican, which is dried meat and fat mixed together, and buckwheat groats, which is sort of like a barley porridge. And we ate the same thing every day. This was mixed in with more butter and tea and then a thing we called dry bread. The

Soviets had dried black bread. It was actually extremely good.

There was one tent for 13 people. It was extremely crowded. There was about a 25-per-cent overlap in the sleeping bags and this led to some dispute as to the best system of getting everyone to fit nicely into the tent. There was what became known as the old system and the new system. The old system was what they had been using up to now, which was that everyone slept in two parallel rows with their heads to the middle. We suggested a different way which was sleeping like the spokes in a wagon wheel with your feet towards the middle. There was a lot of discussion about this and we tried the new system for a few days. And then one of the Russians said: "Well, I don't like this new system. I think we should go back to the old system. The old ways are always the best." The Soviets were very hesitant to accept change, especially when you are in an environment like the Arctic. They have been travelling up in the Arctic for 15 years. They have their own equipment. Perhaps it is not the most comfortable, but they were all alive and so therefore it did work. We came in and we had our own ideas, and it was very hard trying to get them to accept or even try new things.

The main problem with a big tent and small stove is that during the night, you would breath out about 1½ litres of water and it would freeze on the inside wall of the tent. When you turn on the stove in the morning, it rains. This can really play havoc with your sleeping bag. So, after only one night, Chris Holloway and I decided that we were going to sleep outside. Outside at almost 50 below is a bit of a challenge. We weren't really experts in igloos, so we started with what were really just wind breaks. If you practise every night you finally became quite proficient. The snow in the Arctic is almost cement. We had little saws and you could cut out blocks and those blocks made an A-frame every night — they're almost four feet long and about eight inches thick. An igloo is a much more comfortable place to sleep. The snow breathes so that moisture doesn't collect on the side of the tent. And if you sealed it off, it's actually warmer than a tent. The only problem is, of course, you have to build the thing. So, we would be skiing for ten or 11 hours, and then at the end of that, you had to spend 1½ hours building the igloo. So, we built igloos for a month and decided there had to be a better way. We took a parachute from our re-supply. All our supplies were air-dropped to us. We took this parachute and made a tent and at that point we were joined by two of the Soviets who also thought is was a better idea to sleep outside. Eventually we kept modifying it until we came up with a system where we'd stick six or seven skis in the snow in a sort of oblong, take the material, throw it over the top, put snow around the edges and we had a very good tent. It would take about 10 minutes to put up. It looks very fragile, but it's very wind resistant and very strong and it was quite comfortable with room for up to five people inside.

The sleeping bags we were using are called vapour barrier, which means that you're almost sleeping in a plastic bag. The inside is waterproof to keep the moisture from your body from going into the insulation. But it means the inside of the bag is very wet, even to the point where it is frozen together in the evening and you have to actually kick your feet down to pry the two halves apart. As the sun gets higher and it gets a little warmer, by mid-April, you can actually put your sleeping bag out and the ice will sublimate, it will evaporate from the bag and, by the end of April even the wettest bags were all nice and dry and fluffy once again.

For each person, it was his personal choice as to what clothing he would use. The Soviets had their clothing they'd been using since 1972. We had outer jackets which were quite large and bulky and somewhat heavy. The Soviet's chose a down jacket. If you put the down jacket on when you're a little damp, after a few days the insulation gets wet. It means it doesn't work any more. In our jackets the insulation goes into the jacket and freezes. Because it is a synthetic, it will continue to work, but the jacket will get two, three times heavier. Against our skin, we used the new underwear called polypropylene underwear which breathes very well together with a thing we call the polar suit. Now, this is a one-piece suit that we wore at all times. We even slept in it. And then, over that, a wind-breaker made of Gortex which is completely windproof and waterproof, which means that if you do fall in the water, your jacket wouldn't get wet. At the end of the day, all the moisture from your body works its way through the material, through the polar suit, freezes on the outside and you take off your windbreaker and you get out your toilet brush and you turn your jacket inside out and brush if off.

The Soviets had much more traditional gear. They used wool underwear, nice wool pants and a number of wool sweaters depending on how cold it was. Perhaps at times it is a little warmer and it's a traditional Arctic gear, but also if it gets wet the moisture actually goes into your jacket. We both had fur hats and these were the best. They were Siberian Arctic wolf. They're extremely warm. There was a difference in skis. We had fibreglass skis and they had wood skis. Actually, most people on the expedition chose the wood skis as they were a bit more stable and they gripped better on the ice.

Every 13 days, an airplane would fly over and drop us resupplies. This is a bit like a mixture of Christmas and the weekend. You had been eating all this pemmican and butter for two weeks and, all of a sudden, you could have pretty much anything you'd like. The plane would fly over. It was a Soviet jet — the first jet to be used in the Arctic. It would simply drop the things and we had to catch them (if the boxes didn't explode entirely) before the wind would take them away. And we had to also be quick, because often they had DO NOT FREEZE written on the boxes. They would drop us some fruit, and things like that were a little perishable.

We did have a few accidents. At our first air drop, we were camped near a crack of open water. It was only about 10 feet wide. We thought that the chances of hitting that little tiny crack were quite minute. Unfortunately, one of the parachutes didn't open and our fuel went straight into the crack. But they turned the plane around and went back and got us some more fuel within a couple of hours.

In a joint expedition, we used three Soviet stoves and three Canadian stoves. The Canadians were really individuals that were thrown together and were forced to work together. The Soviets were a very cohesive group. They worked very well together. Their team was like a well-oiled machine, but they tended much more to do as they were asked whereas we like to know the reasons for everything.

During our rest breaks, we'd try and wash ourselves a little bit. We'd take everything out of the tent, get the stoves going and we'd sponge ourselves off. In retrospect, I think it probably did more harm than good. It was very nice in that you'd have a chance to relax and be warm, but by the end of the expedition, everyone was having some sort of bacterial skin problem. On my last polar expedition, we went from February to May without ever taking a shower and no one had any sort of problem at all.

The greatest nightmare of any polar expedition is open water. When we came to open water, we'd simply ski along the shore until we could find a place to cross. We used to joke amongst ourselves that we were never really that far from land. It's only about two miles straight down. It always seemed that there was a place to cross somewhere and even though it involved at times crossing very thin ice — salt water ice is different from fresh water ice in that when it's thin, it's quite rubbery, almost like wet cardboard — and it will bend when you walk on it. But like wet cardboard, you can only stand on it so many times and it tears. At one point Tola Melnekoff went right in. Luckily for him, he was wearing the Gortex, the red suits that are waterproof. They were quite tight around his ankles so he didn't actually get wet. We pulled him out quickly because it was very cold that day, still about minus 40 and he was covered with ice on the outside but inside he was dry. We were able to make a little bridge across that piece and keep going with the skis. About 500 kilometres into the journey, we came across a tree in the middle of the Arctic Ocean which is something no one in the group had ever experienced before. It was quite a large trunk and must have come a very long way indeed.

There are bears all the way across the Arctic Ocean but they are few and far between and we never fortunately saw any live ones. As we approached the Pole, there was quite a ceremony being arranged. They had tents and balloons. A couple of hours after we got there, about 200 journalists, VIP's, tourists, Joe Warmsley, Arctic Joe and his group of runners came in. There was quite a crowd there for about two to three hours. Then they got back in their helicopter, took down the tents, took away the balloons and left us all alone once again.

At that point we had rest and food. It was very good. We had gourmet meals made by a French chef. Every day we would be in radio contact with the outside world. We would also get our location, our co-ordinates, our latitude and longitude, and these I could plot on a piece of paper and we could tell which way we were drifting. After the North Pole, we started to drift, not only south towards our goal but also to the east, which meant we had to be able to account for this drift.

It is a very long journey. You have to draw on strengths wherever you can, including perhaps friends and loved ones back home. You have to take this sort of trip one step at a time. You have to concentrate on now and not worry about tomorrow or think about reaching Canada or the North Pole.

Max Buxton froze his feet quite badly and almost had to leave the expedition. It was getting a little bit warmer then. The Arctic Ocean is a very special place. It can be very beautiful, the weather was nice and sunny. So I was enjoying myself and he was having a horrible time. But later on, my horrible time came too. I got very sick for a few days. When you are sick all you want to do is stay in bed for the whole day, but you have to get up, you have to put on your backpack and you have to ski for 10 hours. And every step becomes quite an effort. Fortunately, we were working together as a group and some of my weight was taken out of my backpack and distributed amongst the rest of the team members for a few days until I did feel better. But it was really the low point in the trip for me.

The ice on the Canadian side is a lot rougher than the Soviet side of the Arctic. Often we had to take our skis off and walk. And the weather also started to go bad on us. We had a lot of days on end of white-out. And for those of you who have never been in a real white-out, it's caused by fog, low clouds. I think the closest thing I can imagine to it is being blind. If you happen to be in the first place, you really cannot see where you are going. If you climb a pressure ridge and it drops away six feet underneath you, you can't tell. There is no definition, no shadows, everything is white and you simply fall over the edge. During your 15 minutes that you spend leading the group you fall three or four times. I found it personally very depressing. I was prepared for the cold, I was prepared for the length of the trip, I was prepared to have a heavy backpack on me all day, but I simply wasn't prepared for this endless white when you simply can't see.

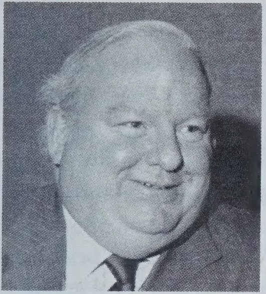
As we approached Canada the ice got steadily rougher and rougher including vast mountains and some of the blocks were like large houses all piled up on top of each other. But the Arctic is a beautiful place. The ice is continuously changing in colors from turquoise to blues and greens and even yellow and black ice.

Finally after 90 days the weather cleared up and there was Canada. It was the best moment of the expedition. It seemed impossible that we actually crossed an entire ocean on foot and this was Canada. On reaching the first piece of gravel, we all got up, 13 in a row and stepped simultaneously on to land to demonstrate our co-operation. We were 13 people sharing in the moment of glory.

We had our differences but, by working together, we all got there. And I think that one of the most important things of this is that 13 people started the expedition and 13 people finished it. Most major expeditions have a lot of casualties. On my last polar expedition, 25 per cent of the people didn't make it to the North Pole. But, by working together as a team, we reached Canada.

I was very proud to be part of the Polar Bridge expedition and I hope it did just a little bit in forming relations between the Soviet Union and Canada. I think we have a lot to learn from them and they perhaps have a lot to learn from us.

The appreciation of the meeting was expressed by Sam Blyth, President, Blyth & Company, and a Director of the Empire Club of Canada.



November 10, 1988

Michael Duffy

TV Journalist, Editor-in-Chief, CTV's Sunday Edition

ELECTION 88, 10 DAYS TO GO

Chairman: **A. A. van Straubenzee**
President

Introduction:

Forty-two years ago when he came into this world, and the doctor gave the customary slap, Mike Duffy opened his eyes, looked up at the doctor, and immediately arranged for an interview.

One hour later, Mike Duffy knew how he was conceived, by whom, and probably where. His curiosity and zest for life have continued ever since.

Canadian television journalism has jumped into a prominence that places an awesome responsibility on reporters. We are told Canadians are relying increasingly on television for information. It has also become obvious that news people have become famous in their own right.

A recent example is Michael Duffy's move from CBC to CTV as host of Sunday Edition.

We heard from someone who is alleged to be a friend of yours, and who wishes to remain anonymous, that when the alleged friend was reportedly offered a big job at CBS, he was overheard, by a usually reliable source close to your alleged friend, to mention that you had suggested CBS might need a Roly-Poly good-natured weatherman as part of the new morning team.

Your alleged friend is reported to have said to you that because of your suspected active nightlife you would likely be unable to respond to a 3:30 a.m. wake-up call. The usually reliable source close to your alleged friend claims that you replied:

"No problem, we can do it on the way home."

I remember the wonderful story about President Calvin Coolidge who was very reluctant to talk to the press — not unlike, perhaps, some of the politicians in our current federal campaign — but chose one day to speak briefly to a small group of reporters.

"Have you anything to say on prohibition?" asked one reporter.

"No," replied the President.

"What about unemployment?" asked a second reporter.

"No," he replied again.

"What about disarmament?" asked the third.

"No," he replied once more.

And as reporters started to file out in disgust, the President called out after them: "And don't quote me."

If Duffy had been there, he would have got the story. He is famous for getting the story.

Mike has risen rapidly in the field of journalism from his early days in Halifax, Charlottetown, international postings and then Ottawa. Mike Duffy has just recently been recruited to host Sunday Edition, Canada's newest current affairs broadcast. Duffy, who is a former CBC veteran, hosts and serves as chief Parliamentary correspondent for the program.

If I may go back to one of my earlier comments about reporters becoming famous, Chatelaine magazine has named Michael Duffy one of Canada's 10 sexiest men.

His newsgathering talents are highly regarded, his methods fair and respected. He is called reassuring, huggable, witty, sensitive and a man with a soul. All this, and sexy too.

Mike will need all his skills today to help us understand this election.

Michael Duffy:

It's a real pleasure for me to have this opportunity to speak to you today. As a journalist, I've covered many historic events in this very room, and seeing so many familiar faces here today, I feel as if I'm among old friends.

Coming into the hall this afternoon, I couldn't help but overhear people remark on my arrival. One lady leaned over and told another: "There he is, that's him, I'd know him anywhere."

"Yes," replied another: "That's the guy on the TV news, that's Richard Brown." I don't know, but she needed either new glasses, or a new television set.

I have some brief remarks to make today, and then I hope we will have time for your questions because I want our meeting here today to be a Conversation About Canada, rather than just Mike Duffy muttering away.

Coming in here this morning, I asked our chairman, Tony van Straubenzee, what he thought was the biggest problem facing Canada today. Was it ignorance, or was it apathy?

You can imagine my surprise when he replied: "I don't know Duff, and frankly I don't give a damn."

Just a joke, but a comment I suggest that describes much of what we see going on around us today.

William Greider, writing in Rolling Stone, reported on a massive study of American public attitudes carried out by Peter Hart Research Associates, a respected American polling firm. What Hart found is that Baby Boomers, those between 18 and 44, are incredibly blasé about important public issues. "This is the first generation," Greider writes, "to experience life from infancy to adulthood in the glowing presence of television."

Demographically they are the largest single block in North American society, and while I don't for a moment believe they are a homogeneous block, Hart found that they do share some striking, and I believe, for journalists, troubling views.

- Corruption in Washington or Wall Street? So what — they all do it.
- Arms sales to Iran? Profits to the Contras?
- Ollie lies to the Congress?
- Lies, deceit. Another betrayal of trust? Who cares?
- Another election campaign? Forget it.
- They're all dwarfs. And what difference does it make who's in the White House anyway?
- Nobody's got the answers, so don't expect anything great.
- Worry about yourself first.

As Haynes Johnson of The Washington Post puts it: "These are not the Teflon years, these are The Don't Bother Me Years. Americans have been anesthetized."

Here in Canada the evidence isn't as scientific, but I suggest there are strong indications the same emotions are at play. Every time we run a story on the CTV National News — a story about government scandal and corruption — we get angry calls. Not angry about the politicians' actions, but anger at why we have no Good News to report. Yet while Canadians seem uninterested in the sometimes seamy side of political life, a recent Angus Reid survey says that 85 per cent of those questioned would be less inclined to vote for a cabinet minister who had violated conflict of interest guidelines while in office. And 82 per cent would be less inclined to vote for a candidate who had been accused of fraud in a business deal a few years earlier. Note the phrase "accused of fraud" — not necessarily convicted of fraud.

Given those numbers one can easily see why it's critically important that we continue to scrutinize politicians at all levels, even if that does sometimes mean annoying that segment of the public who would sooner watch Wheel of Fortune or even better, Bowling for Dollars.

Now, what do you ask, has this got to do with the current political situation in Canada? I believe it has a lot because while here at the Empire Club, I'm conversing with the converted, in many parts of the country the most exciting election in my memory is being fought on the basis of an incomplete picture of the issues involved.

Not that we as journalists haven't rattled on about it at length, but because increasingly Canadians, like citizens in every other nation, feel unable to influence the process. That's why the Empire Club is so important, and that's why it's important that we show Canadians that they can and should get involved.

I sometimes hear my friends who work in theatre and films complain that Canada doesn't have a Hollywood star system. We do. Except the stars are our politicians. The political teams have their own stars, their own fans, and their own strategies. But unlike sports, where you can watch from the sidelines, in politics you can actually get involved. Political parties always love volunteers.

So my message today is get involved. The future of this nation is too important to be left to bureaucrats and special-interest groups. If we don't get our neighbours involved, we may wake up 20 years from now and find a country we don't like very much.

Now that I've hammered home my point about involvement, let me set up our conversation about the current campaign with a couple of historical examples:

- No majority government has been re-elected with two majorities in a row since Louis St. Laurent's Liberals in 1953.
- In 35 years, every majority government has either been defeated or reduced to a minority. Remember the Trudeau sweep of 68? Well, Big Thunder Bob Stanfield and his Tories came within two seats of beating Trudeau in 1972.
- No government has been re-elected since TV was introduced in the Commons in 1977. That tells us something about either TV or politicians.

Now, in the current campaign, we have polls which show that at no time in memory has what retailers call Brand Loyalty been less solid. After the TV debates we saw a massive switch in voter loyalty, away from the Conservatives and NDP to the Liberals. The polls we're seeing now show that faced with a tough choice on free trade, Canadians are uncertain, and are moving away from their massive support for free trade which we saw six or eight months ago.

It's reminiscent of 1974, when faced with a choice about wage and price controls, Canadians opted for the easy way out. In 1979 we saw the Clark government defeated on 18 cents a gallon. Now once again we face a difficult choice. I don't have all the answers, but I would love to discuss the issues, and your opinions of the current campaign.

Mr. Duffy then answered a series of questions from the audience.

The appreciation of the meeting was expressed by the Hon. Barnett Danson, P.C., a Director of the Empire Club of Canada.

November 17, 1988

General Paul D. Manson

Chief of the Defence Staff
Department of National Defence

PEACE-KEEPING IN A CHANGING WORLD

Chairman: **A. A. van Straubenzee**
President

Introduction:

It is just a little hard to overlook the fact that we are nearing the end of a federal campaign and with the final weekend approaching, many of our members are campaigning for their favourite candidates. Across the street, the Prime Minister is having his final rally with his troops in Toronto and, if the campaign lasted much longer, we would have to call in the army and use our own Peace-Keeping Forces here at home.

If that were to happen, it would present no difficulty for our Armed Forces. They have established a reputation for superior service throughout the world. We were one of the nations awarded the Nobel Peace Prize for our peace-keeping efforts over these past 40 years or so.

As we all know, a contingent was recently sent to Iran/Iraq to keep the peace over there. And that is not an easy task. It calls for diplomacy, arbitration, judgment, setting an example and extraordinary leadership.

It is often only during wars that our military leaders make the headlines and become famous. Hence, names like Guy Simonds, Chris Vokes, Churchill Mann, Worthy Worthington, are familiar to our parents — many of whom served under them in war time. Billy Bishop VC, of course, in the First World War, is one of our great heroes as well — and we musn't forget that in the Second World War our airforce ranked fourth in size and that

General Manson himself is an accomplished pilot.

I particularly remember the late General Vokes because he was my father's last CO. Occasionally, I would be invited to the Officers' Mess for a social function. General Volks did not approve of me because I had not enrolled in COTC or ROTP and had broken a long family attachment to the army. So when I arrived at the Mess, he used to make me stand on my head and drink a double rye and water — and I was only a teenager at the time. I'm sure that explains to some of my Empire Club Directors why I'm topsy turvy in some of my ideas. It did teach me one important thing — I love rye and water. I will always remember Chris Vokes who was an outstanding soldier.

Our Armed Forces have a great tradition and the Empire Club of Canada shares in that tradition with Major General Reg Lewis and Major General Bruce Legge, Brigadier General Stephen Andrunyk and Colonel Bob Hilborn — all of whom are Past Presidents of this Club. And there are many other outstanding retired officers such as the highly decorated Bud Hoffman and Bill Whiteacre, MC.

But today we welcome our Chief of Defence Staff, General Paul Manson, who is a modern day CDS. Like our troops abroad, he must be a great diplomat, negotiator, leader, recruiter, trainer, and answer the charge of his men and women of "Give us the tools, and we will finish the job."

I spoke at length a few decades ago to a Major General who was rumored to be in line for what was then known as the Chief of the General Staff. He told me that he could not stand the thought of the politics that went with the job. And so he retired to private life and took up a position in business. Not so, General Manson. This outstanding officer has never shied away from any challenge. He attended both Royal Roads and RMC and upon graduating from the latter, received the coveted Sword of Honour.

General Manson has served as CO of the 441 Reconnaissance Squadron. He was a Base Commander in Chatham, New Brunswick — Commander of our Air Group in Germany and Commander of the Air Command before becoming CDS in 1986. He is perhaps best known for the major contribution he made in managing the new fighter aircraft program for the evaluation, selection and procurement of Canada's CF 18 Fighter Aircraft. General, sir, we particularly thank you for arranging to have the peacekeeping casualties on the Remembrance Day Rolls on Armistice Day. We are proud of the Nobel Prize and we are proud of you.

General Paul D. Manson:

Last Friday, at Remembrance Day ceremonies across the country, the blue beret was worn by Canadians who had seen service with United Nations peace-keeping forces. It was a new and welcome recognition of those who have contributed in a very direct and personal way to peace in a troubled world.

The blue beret symbolizes the practical truth of one of Sir Winston Churchill's more famous observations, to the effect that "Jaw, jaw is better than war, war." It's a sentiment that is enjoying increasing acceptance. Nations and factions which, until recently, were exchanging bullets are now tossing words at one another, and the prospects for peace in many troubled parts of the world are better than they have been for many years. The Gulf War has been halted; a settlement seems imminent in Angola and Namibia; serious negotiations are taking place in regard to the Western Sahara; and there is hope for a peaceful resolution of problems in Central America and Kampuchea.

These developments, it seems, aren't coincidental. Underlying them, and perhaps serving as a catalyst, is the considerable warming of East-West relations which we all welcome. All in all, it has been a good year for peace, and it will be capped next month when the Secretary General of the United Nations, Javier Perez de Cuellar, accepts the Nobel Prize on behalf of United Nations peace-keepers, past and present.

Canadians can feel justifiably proud of this award, given the role that their Armed Forces have played over the years in United Nations and other multinational peace-keeping operations. In all, about 80,000 Canadian servicemen and women have served in UN peace-keeping units. The Canadian Forces have participated, in one capacity or another, in every single UN operation since 1949.

These operations have taken our military peace-keepers to many trouble spots around the world: the Middle East, Africa, the Indian Sub Continent, Southeast Asia, the Caribbean, and lately, Afghanistan, Iran and Iraq. Ours is a proud record, unmatched by that of any other nation.

The events of the past year bring UN peace-keeping to something of a crossroads. Peace, it seems, is breaking out all over, and with this new atmosphere of reconciliation comes the prospect of new demands for peace-keepers. It is an appropriate time, then, to look back at past achievements and to reflect on the future of peace-keeping, with particular reference to Canada's role in this highly specialized field of military activity. That is what I would like to do today.

It's important at the outset to understand that there are two different sorts of peace-keeping operations. The first is the imposition, with the agreement of both sides to the conflict, of an armed peace-keeping force whose presence enables the belligerents to initiate a ceasefire and helps to create a stable environment for the conduct of peace negotiations. The first peace-keeping operation of this type was the United Nations Emergency Force in Egypt, which permitted the separation of the belligerents during the Suez Crisis of 1956.

Other examples of this type of operation were in the Congo in the early 1960s, Cyprus in 1964 (which is still going on 24 years later), the Second United Nations Emergency Force in Egypt in the 1970s, and the UN Interim Force in Lebanon in 1978.

The other type of peace-keeping operation is the provision of unarmed military officers to observe the withdrawal of forces and to monitor compliance with the terms of a cease-fire. The first of these observer operations, one in which Canada participated, was the United Nations Military Observer Group in India and Pakistan in 1949, followed by the UN Command Military Armistice Commission in Korea in 1953. In 1954, we joined the UN Truce Supervisory Organization in the Middle East, which had been established in 1948. Incidentally, all of these operations are still in effect.

There have been several other such observer missions over the years, but the most notable recent examples are two well-publicized undertakings during the past year, one in Afghanistan and the other in Iran and Iraq; I will say more about the latter in a moment.

You should note as well that not all peace-keeping is done under the auspices of the United Nations. Canadians have participated in such non-UN operations as the International

Observer Team in Nigeria and the International Commissions for Supervision and Control in Cambodia, Vietnam and Laos during the mid 1950s and again in the mid 1970s. Since 1986, approximately 140 Canadian military men and women have been serving with the Multinational Force and Observers in the Sinai, established in 1981, in connection with the Camp David Accords.

Regardless of its sponsor, UN or otherwise, a peace-keeping force which is acceptable to all parties takes time to identify and assemble, because agreement must be sought on the nature of the operation and the makeup of the peace-keeping forces. Under current practice, these negotiations are conducted on an ad-hoc basis for each operation, and potential donor countries are asked, informally, what their reaction would be to a formal request for their participation in certain specific ways and at certain specific levels. After negotiations and agreement, formal requests are then made of countries acceptable to all parties to the dispute.

United Nations authorities are careful not to allow any donor country to dominate the force by the nature or size of its contribution. In general, they rely on industrialized donor nations having sophisticated armed forces to supply the technical, communications, aviation and logistic support components of a peace-keeping force, whereas they often seek infantrymen and observers from a broader base of less developed countries. This does not preclude requests for infantry from industrialized countries such as Canada, however, as our experience in Egypt and Cyprus indicates.

The most common criticism of UN peace-keeping operations is that once started they never end, and that, far from helping to resolve the underlying causes of conflict, they seem to inhibit early political solutions by stabilizing the environment and making inaction both possible and politically comfortable. There is a certain legitimacy to this point of view and there are, as I have already noted, more than a few current United Nations operations that have their origins in the 1940s, 1950s and 1960s.

This is surely not the fault of the peace-keepers; if anything, it suggests they are doing their job too well. The problem lies principally on the political side, where enthusiasm and urgency for serious negotiations to resolve difficult and complex problems are often dampened by the presence of UN forces. In fairness, though, I wouldn't want to underestimate the political issues facing the disputing parties; these sometimes have their origins centuries or even millennia in the past. Quick solutions to such deeply-rooted problems aren't easy to find.

There is hope, however, and I cite the recent progress in political negotiations to conclude a settlement in Cyprus after 24 years of active peace-keeping by UN forces. Canada's investment in this operation has been enormous. Just last month we completed our 50th Cyprus rotation, each of which involved the transfer of a 500 to 1,000-man unit to that island and the return home of a similar group after six months of difficult peace-keeping duty. At one point, in 1974, our troops in Cyprus were caught in the middle of a major shooting war which took the life of one of our soldiers. It hasn't been easy, but Churchill was right: negotiation under the UN umbrella is infinitely better than a war between Greece and Turkey which, after all, are two of our NATO allies.

You may recall that, in August, when we sent our 500-man signals squadron to Iran and Iraq to establish the communications system for the entire UN peace-keeping force in that area, there was some concern and criticism that this, too, would become an open-ended, interminable commitment. I'm happy to say that, as we predicted, this will not happen. A first group of our signalers has already returned to Canada, a second will be airlifted home within the next few days, and the last members of the signals squadron will fly home before Christmas. The only Canadians remaining in the Iran/Iraq operation beyond that point will be our 15 officers in the UN Observer Force.

Not long ago, there was a growing feeling that the age of peace-keeping had come and gone and that, although existing operations might continue, the prospect for new peace-keeping initiatives was at best uncertain. Recent developments in Afghanistan and Iran and Iraq have put this notion to rest rather dramatically and, as I have already mentioned, there are prospects for further peace-keeping initiatives in several other trouble spots around the world. Something obviously has happened.

Many complex factors have come into confluence to create this change of heart for peace-keeping, not the least of which is the new and constructive attitude of both the United States and the Soviet Union toward the United Nations (and, if I may say so, towards each other). In any case, it's a good time to ask ourselves, in this promising new environment, whether we can benefit from past experience and put in place more disciplined and appropriate mechanisms for raising, training and deploying — and, of course, financing — United Nations peace-keeping forces.

For some years, Canada has advocated certain practical measures to this end. We ourselves have regularly designated specific Canadian Forces' units as standby forces for UN service, and we have encouraged others to do the same. We might want to go further and explore the possibility of identifying larger numbers of Canadian military units and groupings which could be used as building blocks together with similar units from other nations, to create an appropriate structure for a particular UN operation. The United Nations might also set up a rotational system in the longer-term peace-keeping operations to help relieve the strain on nations contributing major technical services or large formed units. Here, again, Cyprus would be a good case in point.

Another useful development would be for the United Nations to agree on standard military operating procedures and to issue guidance in advance to all potential donor countries on how peace-keeping duties should be carried out. The United Nations could also formally sponsor training for peace-keeping forces.

Above all, it would be very useful if a detailed Visiting

Forces Agreement could be drawn up between the United Nations and its member nations, to identify clearly the status of troops serving with the United Nations. The absence of such a legal understanding has created many problems in past operations. I would even go so far as to suggest that the provision of UN peace-keeping forces in a given dispute should be conditional on the acceptance by all parties of a Status of Forces Agreement. In addition to establishing the basis for resolution of complex questions of jurisdiction in civil and military matters involving UN forces, such an agreement would help to resolve the many practical problems encountered in deploying to a theatre of operations and settling in. For example, it would have helped us avoid the delays in deployment we experienced in Iran and Iraq due to confusion over passports and drivers' and vehicle licensing requirements, and also the carrying of small arms for self-defence by our soldiers.

To summarize the point I wish to make here, many of the frustrations and difficulties which UN troops so often encounter in the early days of a new operation could be eliminated, or at least alleviated, by the putting in place of standard UN procedures and conditions of employment. Although there will always be a certain element of on-the-spot arrangements, given the unique nature of each new peace-keeping operation, the more that can be set out in advance, the less risk there will be of failure in the critical early days.

I must say that the current climate in the UN regarding peace-keeping operations would appear to offer an excellent opportunity to explore some of these practical proposals to improve the effectiveness of peace-keeping operations, and you may be sure that we are pursuing these.

The prospect of new and possibly demanding peace-keeping missions around the world raises hard questions about the size and configuration of the forces we might contribute and the role they might play.

I noted earlier the proclivity of the United Nations to call on Canada and other developed nations which are not permanent members of the Security Council to provide the technical communications, aviation and logistical support for UN operations.

These are all tasks that the Canadian Forces do very well and we are pleased to be doing them, but they present something of a dilemma, since our armed forces are designed in the first instance to meet our alliance rather than our peace-keeping commitments. Forces tailored for NATO duty must have their support elements on hand if they are to get useful field training and to maintain the necessary degree of readiness. If some of these support units are taken away for peace-keeping duties, a big gap is left in their capability to do their assigned jobs in peace and war.

One way to overcome this difficulty, obviously, would be to give the Canadian Forces extra support units, but I'm afraid that would be both impractical and inordinately expensive. For one thing, it is impossible to predict just what sort of support units the UN will need at a given time, and there is bound to be inefficiency, to say nothing of the distortions that would be created in our force structure; in other words, the "teeth-to-tail" ratio becomes unbalanced.

Happily, a partial solution to some of these questions will be achieved with the implementation of our new total force concept, whereby the Reserves will be expanded significantly, together with a reduction in differences between the Reserves and the Regular Force in terms of training, equipment and employment.

In this concept, a greater use can be made of Reserve personnel in support of peace-keeping operations. It is interesting to note that 85 of the 575 Canadian personnel currently serving in Cyprus are Reservists.

While the total force approach will certainly help in the long term, for the next few years we must give constructive thought to other possibilities. For example, we might arrange to use equipment provided by nations which are not contributing people. Perhaps we could also contract out some support activities to the private sector.

We must also give some thought, with the prospect of an increase in new peace-keeping commitments, as to whether we must always adhere to our country's longstanding criteria for participation in peace-keeping operations. These criteria, which are very precisely defined, are intended to ensure that Canadian peace-keepers are welcomed by all parties to a given conflict, that there is a genuine need and a real chance of success and that there is effective third party political control of the Force, normally by the United Nations.

If our criteria are met, and the Canadian Forces have the resources to undertake a new operation without prejudicing our other commitments, mounting a Canadian contingent is a relatively straightforward operation. In the real world, however, things don't often go that smoothly. Only rarely are all the criteria met, so risks must be taken and careful judgment exercised.

So far, we have been reasonably fortunate. But Canadians must not delude themselves: peace-keeping is an inherently risky business. There is often a danger of landmines and unexploded munitions in the theatre of operations. There is sometimes a risk of being caught in an outbreak of shooting, or even a resumption of hostilities. As Cyprus and the Golan Heights have already shown, peace-keepers can get caught in the middle of a full-scale war. These are risks that are normally acceptable, given the real value of peace-keeping.

That Canada and Canadians are prepared to pay the price of this vital international activity and accept its risks is clearly evident from the record. I have already mentioned that our soldiers have participated in every UN peacekeeping operation to date. Consider also the fact that we contribute about 10 per cent of the approximately 13,000 peace-keepers on duty around the world today. Over the years, more than 500 peace-keepers have been killed on UN duty. Of these, 81 have been Canadian. That sad statistic alone is a telling measure of our national commitment to the cause.

Peace-keeping is not a one-way street. It offers excellent training for formed units in peacetime and provides a realistic environment for the training and development of junior officers and non-commissioned officers. The observer missions provide officers with an opportunity to familiarize themselves with different parts of the world and to develop negotiating and diplomatic skills. Above all it is a thoroughly operational activity, one in which our military participants are deeply conscious of the fact that they are making a very real, personal contribution to world peace. I invite you to talk to any of the 80,000 Canadians who have participated over the years, and you will sense, as I have so often, the profound feeling of pride and accomplishment that peace-keeping service generates.

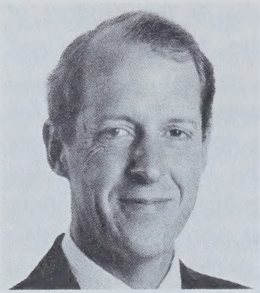
On balance, participation in these United Nations and other multinational peace-keeping operations has been good for the Canadian Forces. It has also been good for Canada's image, both at home and abroad. We are particularly well placed to respond to requests for peace-keepers. Canada is not a superpower but we have sophisticated, modern armed forces. We are not a militaristic nation, yet we have a long and proud military history and an enviable military reputation. Ours is a modern industrial state but we do not carry the baggage of being a former colonial power.

Peace-keeping comes naturally to Canadians, as history has shown. The image of a Canadian soldier wearing his blue beret, standing watch at some lonely outpost in a strife-torn foreign land with binoculars at the ready, is very much an element of the modern Canadian mosaic, and a proud part of our national heritage.

Let me conclude by making a point which, to me, is absolutely fundamental, yet which tends to be overlooked. The peace-keeping I have been discussing today has a very distinct meaning in military terms. In a broader sense, however, everything that we do is peace-keeping. Our very real contribution to deterrent forces in NATO and NORAD over many decades now has helped to keep the Western World in a state of peace that has permitted Canada to grow and prosper. I believe with great conviction that the easing of tensions between East and West today is the product of Canada's determination, with her allies, to stand firm and strong over the years.

Now that global tensions have eased remarkably, the nations of the world have a golden opportunity to work together to eliminate conflict at the lower end of the spectrum, using United Nations peace-keeping forces more effectively than ever before. I know that, once again, Canada's armed forces will be in the forefront of this new effort, and that our men and women will acquit themselves in a way that will be fully in keeping with our past achievements, and a source of pride to all Canadians.

The appreciation of the meeting was expressed by Major General Reginald Lewis, C.M.M., C.M., C.D., President, Toronto Economic Development Corporation; President, the Confederation of Reserve Officers of NATO; and a Past President of the Empire Club of Canada.



November 24, 1988

Michael A. Cornelissen

President and CEO, Royal Trustco Ltd.

CANADA IN THE YEAR 2000

Chairman: **A.A. van Straubenzee**
President

Introduction:

You may recall several weeks ago, Michael Duffy indicated he felt our political leaders are to some degree our stars in Canada — replacing royalty in Great Britain and movie actors in the United States. I think he was only half right. One can hardly pick up a newspaper these days without seeing a poll of a different kind — ranking our most influential businessmen. That's one indicator of stardom, I suppose.

The list always includes someone from the Brascan empire and, if I'm not mistaken, a recent article in the Report on Business magazine listed Trevor Eyton and Jack Cockwell in the top three. Part of the reason they were there, of course, is the great success of our guest speaker.

Another indicator of stardom is the interest attracted in the book publishing world. The leaders of Canada's three political parties have all been the subject of recent books.

And lately there have been two books published dealing with the Brascan group — A Matter of Trust and The Brass Ring. What this indicates to me is Michael Cornelissen has made it. I would like to quote a passage from one of these books:

> "Michael Cornelissen was perhaps the most co-operative of all group executives for this book. He sat down with a two-page list of questions from us and dictated a 13-page response that was triple

checked. He also provided an addendum. But what Cornelissen was most determined to display was the human side of the group."

No one knows what hour of the day Michael Cornelissen gets to the office because no one is up early enough to see him arrive. But I finally caught up with the woman who sells muffins at the Royal Trust tower. She thought she'd seen him one morning as late as seven.

What we have seen, however, is Michael Cornelissen turning a company around, introducing the most progressive management techniques available. He is the president and CEO of one of Canada's largest trust companies, the only Canadian trust company with extensive offices overseas in Europe and Asia.

Mr. Cornelissen joined Royal Trust in 1983. Shortly thereafter, he established an ambitious five-year operating plan, including objectives such as an annual earnings growth of 15 per cent and a return on equity of 15 to 20 per cent. All these objectives have been met, or exceeded, for five consecutive years.

Michael grew up in South Africa, was educated at the University of Natal and obtained his C.A. He went on to the University of Capetown where he earned his MBA. He immigrated to Canada in 1967, and joined Touche Ross.

He was identified by Jack Cockwell as an extraordinarily bright individual and soon found himself as executive vice-president and COO of Trizec Corporation, Calgary's major real estate firm.

One of the significant things that has occurred to the executive world in the past few years has been the cross fertilization of companies and their executives. It was once thought the financial industry was sacrosanct, something outsiders would be unable to grasp. Cornelissen has proven that false.

He is extremely active in the community, recently heading up the United Appeal where, applying his magnificent management skills, he took them over the top. But perhaps dearest to his heart is his position as Chairman of Force 12 North, the syndicate formed to mount Canada's next challenge for the America's Cup.

He is a keen sailor, a member of the board of Appleby College, on the campaign cabinet of Trafalgar Memorial Hospital, married with two children, and, I'm told, plays a mean piano.

It is a great honour to have him as our guest speaker today.

Michael Cornelissen:

It is a fact that the sum total of human knowledge doubles every 12 years, but this does not necessarily mean we have become wiser. Look at the recent federal electoral process. Certainly it was an exciting and spectacular political process, but we were all robbed.

Why?

While I am an ardent supporter of free trade, the exclusive debate of this issue has kept Canadians from many equally important issues. The political process must distill itself through the constraining medium of television. We live in the age of the sound burst and the visual clip — where all information is compressed, trivialized and then communicated, reducing men and women of vision, like our leaders, to name callers and accusers. Arguments were trivialized to game show proportions.

Have you ever wondered why polling is so popular — not because it is accurate but because it fits through the key-hole medium of television. What a sad substitution for the real issues.

I am sure there are many Canadians who feel the way I do. I am fortunate; I have a platform and I have all you people here who have paid to listen to me get my feelings about this election off my chest. So today, I'm going to take this opportunity to raise some of the issues I wish I had heard discussed during the election.

We needed to take a long, hard, sober look at the long-term future of Canada.

We needed to debate where we wanted Canada to be in the year 2000. It is only 12 years away, a time during which the sum total of human knowledge will double once again.

Will we take the opportunity during that time:

- To have prospered in an intensely competitive global arena?
- To have surmounted the economic obstacles that threaten current prosperity?
- To have kept pace with the dramatic technological and social changes around us?

When we bring in the 21st Century, will we look back at the next 12 years in anger — at opportunities missed or wasted?

Or will we look back in pride at our accomplishments?

I want to cover this topic in three distinct parts.

- First a look back at the immediate past 12 years.
- Secondly the key challenges we face today.
- And finally the directions I think we should take to ensure we *will* look back on the next 12 years with pride.

The time period until 2000 is limited, just as I'm told my time is today. So I shall confine my remarks to three areas which I believe are among the most critically important to our future. They are: economic and fiscal management, human capital management, information management.

The world is changing at an exponential rate. But in the next 12 years we will have at least three more elections, and perhaps 30 different provincial governments. Our new conservative government has an agenda and has been working on it, but that agenda must be elevated to a national vision for Canada in the year 2000. None of us can afford to sit back passively with that most exasperating of behaviors, the "wait and see" attitude. We Canadians need to share a vision for our country. We need leaders who will evangelize that vision and be accountable for their actions.

And Canadians have a role in promoting that accountability. With a shared vision, we can begin to bridge the ideological differences that exist between Canada's constituent groups. The differences between regions; languages; government jurisdictions; and labour and management. The differences may always be there, but cannot be permitted to stand in the way of progress towards a truly great Canada. Nor can we wait around forever. We need a sense of urgency and commitment to the cause because the speed with which the environment is changing is accelerating.

We have the *resources* to get there; all we need is the will, the commitment, and the leadership to do so.

It's in the interest of every Canadian.

Let's review the last 12 years. Will the 21st century, only 12 years away, be *that* different? Well, 12 years ago the world was surprisingly different. In Russia Glasnost was not only un-heard of, it was unthinkable.

In Europe the United Kingdom was admitted screaming and kicking into the Economic Community only three years earlier. European Economic Community relations were as rancid as the mountain of butter and milk caused by protectionist, nationalistic policies, a far cry from the cohesive unit they will be in three short years.

On the other side of the world, China was still ruled by Mao Tse Tung and his Red Army, none of whom had yet experienced the pleasures of Coca Cola. Yet during those 12 short years more than 1.5 billion people have assumed a new direction for their societies, 180 degrees different from the past.

Canada too, was a surprisingly different place.

Economic and Fiscal Management

In the field of economic and fiscal management we have entered a new era of political interventionism. 1976 marked the second year of Wage and Price Controls. They were formally extended to 41,000 companies compared to the 10,000 limit originally set out in the plan.

The Foreign Investment Review Agency had been in existence for three years. A cumbersome, bureaucratic process that robbed Canada of crucial foreign risk capital to develop its resources. Both of these were ideological forerunners of the National Energy Program, a program that savagely scarred the Western Provinces for years. I know, I lived there and saw it for myself — rigs abandoning the oil patch, withdrawing $11 billion of investment. We needed that investment, but our political leaders' vision reached only as far as the next election.

Fortunately for Canada, Wage and Price Controls, FIRA and the National Energy Program have since been dismantled.

I use these examples of how long the shelf life for ill conceived policies can be. These are examples of policies that were administered to the Canadian public without proper debate or discussion. It took almost five years to restore Canada's credibility to international investors.

And now we have benefitted from that restored confidence. So much so that in 1987 the Organization for Economic Co-operation and Development put Canada's economic performance ahead of the other G-7 countries. But one major inheritance from the 70s is still with us — the deficit.

I for one wanted to hear full discussion about this in our political debates, I wanted to know where our leadership will take us on this issue. Excepting the recent efforts of the Conservative government, no government since the early 70s has treated the deficit with the seriousness it deserves. Instead we keep spending as if there is no tomorrow.

Our political leaders have used the good times to spend more than ever before rather than building a reserve for the inevitable rainy day. The absence of any discussion in our recent election on this very real and very pressing issue for Canada made me see red. Where was the accountability when our national debt soared to $300 billion. How could they ignore a deficit of close to $30 billion?

Is that a figure beyond the grasp of ordinary Canadians? Not if they were told that their taxes would be one-third less, without the interest burden on that mountain of debt. Canadians are entitled to hear what choices their leaders offer and what Canada can afford. We need more than the cautious, mealy-mouthed, carefully worded position papers of key business and economic research organizations, we need some good old-fashioned outrage and anger, from all responsible Canadians at elected officials spending so much more than we can afford.

Why should we care so much? Because the more money we pay out for past expenditures, the less we have to invest in our future.

Human Capital Management

That brings me to the second key component of our future, the management of our "human capital." This term was coined by Robert Solow, a Nobel Prize winner in Economics, who said that 70 per cent of all capital in North America is in human form. So if we show concern for the management of our economic capital, we should focus even greater attention on our human capital.

The human capital is formed in our schools — how have we done? Twelve years ago on the education front we were awakening to the fact that "open school" concepts simply did not work. Permissive education was a nice concept in theory, but the reality was that our children were not acquiring the basic Three R skills. Remedial English programs were being introduced 'en masse' into the first year university curriculum and today we are paying the price.

Information Management

But perhaps the area of greatest change in the last 12 years is information management. Technology is the key that unlocks the power of information today.

I was astounded to discover that the state of the art in desk top systems in 1976 was the IBM Selectric typewriter with a self-correcting ribbon. We have become so dependent on personal computers that it is hard to believe they did not exist in 1976. Nor did facsimile machines nor cellular telephones. So, although it didn't seem so at the time, communication was not quite as immediate and information not quite as accessible as today.

In 12 short years we have made significant progress on the three fronts of economic and fiscal management, human capital management and information management. The challenge now is to manage them for the next 12.

The key challenges we face today:

Economic and Fiscal Management

On the economic and fiscal side the challenge is to compete internationally. Canada has lost some ground, putting in and taking out interventionist programs while the rest of the world has begun to reorganize into large economic blocs.

By 1992 the 12 nations of the European Economic Community will have established a single, tariff-free market. The "four tigers" — Japan, Taiwan, Korea and Hong Kong — may well be established as a unified trading bloc.

Twelve years ago at the Empire Club, broadcaster and columnist Ron Collister said: "We must give some clear indication to the United States that we are moving away from our hothouse of nationalism, indifferent to and insulated from the real world." Monday night's vote for free trade with the United States shows that we have finally accepted his advice. We need to be a world class country if we are to compete internationally.

But the global marketplace is only one challenge. Domestically, we face economic obstacles which threaten to dampen our ability to compete. Amongst them are issues we should have heard debated in the election campaign, including tax reform.

Last week a group of Russians came to Canada to look at our proposed tax reform. If we can con the Russians into adopting our tax reform proposals we can eliminate NATO and Star Wars because the Canadian tax system would bring Russia to its knees in one year, without spilling a single drop of blood! And the money we save on not building nuclear submarines will pay all our taxes for the next three years!

Seriously, though, the Russians are on the right track. They know that tax systems influence behavior, and it won't take them long to discover that Canada's tax reform package may be a superb ideological fit for their country as it is today — a system that penalizes initiative, risk taking and production while rewarding failure and passivity.

Canada is a country that needs $100 billion of investment in our energy sector alone in the next decade, but tax reform has removed the rewards of equity investment. Dividends and capital gains are taxed at virtually the same rates as interest income, motivating Canadians to take the least possible risk by investing in bonds. Unless we reward the risk involved in equity investments we will become a nation of coupon clippers, and we will also become industrially moribund.

If we are to encourage foreign investment the rates of return must be at least equal to others in North America. Canada is too small to go it alone.

We need a mountain of risk capital — the domestic supply isn't enough; nor is the domestic supply of taxes going to be sufficient to pay our way, if we continue to deficit spend.

We have borrowed from our children to pay for the social programs we think we enjoy today. That's like robbing their piggy banks. They will have enough to pay for when we all retire and they have to take care of our pensions. By the year 2000 one in eight people will be over 65 years of age, and unless we do something about the deficit soon, our children will never be off the debt treadmill.

Getting rid of the deficit is a major challenge and talk of reduction isn't enough.

British Prime Minister Margaret Thatcher also addressed the Empire Club a little over 12 years ago. "The essential task of a leader," Mrs. Thatcher said in 1975, "(is) not to follow public opinion from the back but to lead it from the front." I would point out that at that time the British inflation rate was 25 per cent; today it is just over six per cent. We need the same courage and commitment that Mrs. Thatcher has shown in her response to the United Kingdom's deficit. She has wiped it out. Now there's leadership. No matter what you think about her, she has done a remarkable job of putting Britain back on its feet.

A senior Canadian politician told me recently that the problem was not so much with the deficit but with the expectations that government had created in the public's mind. He said the political task was to change people's expectations of government. Our political leaders have to have the courage to say that government cannot underwrite everything. I think Canadians know choices must be made and they want to know what they are. One of those choices has to do with education, and it should be of national concern.

Human Capital Management

We face a challenge today in managing the human capital that is in our schools today. Let me give you some scary statistics:

- In Ontario, one-third of all students drop out before Grade 12.
- Only 50 per cent of those who reach Grade 12 are considered as having had a "High School Education."
- From a starting point of 100 we are now down to 33.
- And of those 33 who do go to university, 20 to 40 per cent fail in their first year!

Is that different from the rest of the world? In 1984 the Second International Mathematics Study tested the mathematical performance of Grade 12 students across 20 countries.

- Hong Kong placed first across the board.
- Japan was second and England third in four categories.
- The good news is Canada placed just ahead of the United States.
- The bad news is the U.S. placed 12th.
- Ontario students had an average score of 47 compared with Hong Kong's 72.

Is it fair to assess ourselves only on a supremely quantitative discipline like Math? Well, more than 22 per cent of Canadians over the age of 15 are illiterate or functionally illiterate. What an appalling indictment of our education system.

Why was education not even *mentioned* in any one of the lists of a dozen key election issues by any of the three major parties? It is a provincial jurisdiction, but it has serious national consequences. Our spending on education is rising fast, but who is accountable for this obscene obsession with quantity as opposed to quality?

During the 70s we allowed the emphasis to move from achievement to experience, a laudable enough goal, but in the process it removed the incentive to do well, removed our ability to measure standards and, perhaps unwittingly, lowered our standards in world terms.

Some parents have responded by removing their children to more disciplined forms of education; enrolment in Catholic schools and private schools is increasing.

One reason might be what George Radwanski, in his report on Ontario education, described as the "spiral curriculum", a system where children do not have to show their competence in a subject before moving to the next level. The premise is that children learn at different rates and at different stages of their development. But instead of developing competence as they move through the grade system, those who did not grasp the subject in the first place simply get further and further behind. This system means that no teacher need ever bear the responsibility for a child's failure to learn.

Labour Management

But it is not only in the school system that we are failing to meet our children's and our country's needs. We lag far behind Japan and Germany in the percentage of our population 17 and over who are involved in formal education or apprenticeship. In West Germany, with a population of 62 million, there are 1.8 million apprentices in technological training. Canada has 65,000. If we were applying the West German ratio, we would increase that number to closer to 700,000. These people are our working capital.

In addition, while human resources theories move in and out of vogue, the fact remains that in the area of labour relations, we are still in the Stone Age. The statistics are unbelievable: From 1976 to 1987 there was an average of 840 strikes and lockouts in Canada *each* year. The loss of productivity is an unacceptable drain on our resources. It points to the philosophical and communications gap between management and organized labour; they are operating on different value systems, rather than working for each other's mutual interest.

We have to learn how to manage this vitally important resource both in education and in labour relations.

This brings me to another point about our election that made me see red. There was the continued pejorative description of business. Business is not a person or a thing, it is the method that this society has chosen to create and distribute wealth in this country. The one thing all Canadians have in common is that they need a job to live.

How long are we therefore going to tolerate the intellectual dishonesty that there is something inherently wrong with business. An important part of establishing a national vision lies in correcting this attitude. Or maybe to put it in more simple terms, when you are out of business you are out of a job.

Information Management

The phenomenal development in technology has created a third challenge. A vast explosion of information in the world has overwhelmed most of us. It comes so fast and in such quantities we just don't have time to discriminate, impairing, rather than enhancing in most cases, our capacity for reasoned judgment. The election showed how vulnerable ignorance can make us — the general public's lack of knowledge of free trade became a weapon of near destruction in the political campaign.

There is an important lesson to be learned from this experience — every individual has a right to good, sound information on issues of national importance and politicians must stop protecting the average Canadian from knowledge.

In summary, the challenges that face us are to eradicate our deficit; create a tax system that rewards risk-taking and to establish an education system that will give us citizens educated to world class standards. And to ensure that

Canadians get the right information to assess the critical decisions that face us.

All of these challenges must be overcome if we are to look back in pride in the year 2000. And this is my third point: our future direction.

I do not believe we can leave this enormous task to the politicians alone, we are *all* accountable for the quality of our economic human and information management.

Economic and Fiscal Management

In managing our economic and fiscal capital we will need to ensure Canada's competitiveness internationally.

We will need a visionary approach to deficit elimination, and that means careful scrutiny of our spending.

A recent article in The Globe and Mail said that only 17 per cent of our tax dollars go to the poor. The remainder, after debt interest has been paid, goes to programs to those who are not in need. They are vote-buying investments, not visionary investments, and we need to take a stand against such behaviour. Eliminating the deficit is not going to be easy, but I'd rather take the bitter pill while we are healthy, than wait for poor economic circumstances to force it upon us. Finance Minister Michael Wilson has announced his determination to reduce the deficit. He needs the support and encouragement of all Canadians to achieve that.

I'd like to see him take the next step and look at tax reform too because economic and fiscal management also means creating a taxation system that encourages economically productive behavior in all Canadians. And it must be a system that differentiates Canada from other capital hungry nations; we can do much better than slavishly following U.S. initiatives in tax policies.

The leadership in this vital area must come from government, but unless we share a vision of a strong, healthy and prosperous Canada and make our views known, it will never happen.

Human Capital Management

I believe we will also look back in pride if we tackle our education and training systems with a vision of a world class Canada in mind. Our priorities are all wrong when a one-percent interest rate increase makes the headlines but a 10-percent increase in illiteracy is relegated to the back pages. We need to move education back to the front burner and make it an issue. I know the Government recently announced a country-wide campaign to provide educational instruction to illiterate people, but it would be more pertinent to deal with causes rather than the symptoms.

The quality of our education will have a significant bearing on our ability to compete internationally. The high school graduating Class of 2000 is already in Grade 1, and if we continue to shortchange our children's education, at least one-third of them won't make it to Grade 12.

The time to act is now, and the first step should be to hold our educators accountable for the quality of education our young people deserve. Excellence cannot come without accountability, and accountability cannot come without measurement. That's why we need measurable standards of accomplishment set on a province-wide basis — standards set not so much to identify and reward, although I believe this helps, but for diagnostic and remedial purposes — and a scrapping of the "spiral curriculum."

The problem may be that the whole educational apparatus is owned and operated within the government sector, so that decisions about education are made more along political than economic lines. The Toronto Star announced the recently achieved control of the Toronto School Board . . . by the NDP! An editorial lamely speculated that this development may cause a diversion from the curriculum to world issues. Not a word about the effect on our devastated educational standards.

Political barriers prevent many things being achieved on the economic and human capital fronts. I believe we need some privatization of our human capital markets to resolve the problems we now face.

Information Management

In information management we need to get the *right* information. A well informed community is better prepared for world class competition than an ignorant one. And we all have a role to play in that. In a complex world — to sustain effective democracy — we must have an enlightened electorate.

The capability of reasoned discussion is enormously expanded when the electorate has the *facts* in their possession, not mythical or ideological representations of those facts. It is a very strange indictment of our system that our leaders are so afraid of our press and media distorting their views that they don't share them with us. Leadership is abdicated and Canadians are deprived of the information and facts they need.

We need to stop rule by poll.

I would sponsor a proposal to ban all polling in the last weeks of an election campaign, it distracts the media from analysis and makes the electoral process trite.

I was also insulted by some of the political advertising in this last election. Our leaders are depicted as name callers and dishonest, which denigrates leadership and our public institutions. If we are to have a shared vision we need to celebrate leadership in thought, in politics, in culture, economically and socially.

Conclusion

The recurring themes which will make a difference to our world in the year 2000 are accountability and shared vision and leadership. If we do not ask for accountability we cannot expect responsibility. Accountability should have been an election issue. And I believe that accountability is not solely in the realm of politicians, it also should apply to their bureaucracy.

The success of our next 12 years, I believe, lies in the fulfilment of the mutual interests of business, labour and government. We need strong-willed single-minded leadership to take us out of the wilderness, and we need a stronger consensual 'qlue' — shared mutual values. It goes beyond voting and folding ballots every four years. Politicians need to look beyond the next election just as business needs to be concerned beyond the next quarterly results. We need to establish and work with premises and principles which are values shared between all, values that enable leaders of government, business and labour to share a common purpose even if they differ on how best to get there.

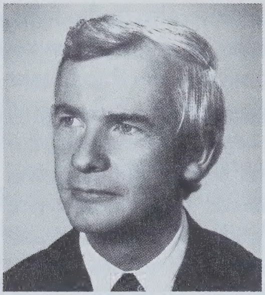
With all of these actions and the commitment and accountability of business, government, educators and labour I am convinced we will have the capacity to move the country ahead.

Ladies and gentlemen, my call to you today is to play your part in making Canada in the year 2000 a jewel in the world's crown. No one wants to look back in anger, so ask yourself these five questions for any important strategic action that faces the country:

1. What will it cost?
2. Who is accountable?
3. Can you measure the benefits?
4. Will we have the right information to evaluate it?
5. What is the ultimate objective?

Cost, accountability, measurement, information, objective. The acronym is CAMIO. We must use CAMIO as a framework to fulfil our accountability as Canadians.

The appreciation of the meeting was expressed by Catherine R. Charlton, President of the Charlton Group and a Past President of The Empire Club of Canada.



December 1, 1988

Dr. David L. Johnston

Principal and Vice-Chancellor, McGill University

CAN WE HAVE EQUALITY OF OPPORTUNITY, AND EXCELLENCE, TOO?

Chairman: **A.A. van Straubenzee**
President

Introduction:

Christmas has come a little early to the Empire Club. When we planned this year's program, we decided we wanted to hear from experts in the fields of education, law, politics, communications, the environment, the economy, business, the church, the family, students, sport.

And so today we have speakers in all these fields.

From education: The Principal and Vice-Chancellor of McGill University, one of our finest universities.

From law: A professor, an expert in securities legislation, a former Dean at the University of Western Ontario, and a former professor from Queen's University.

From politics: The pre-eminent lion tamer of Leadership Debates in both federal and provincial elections.

From communications: An author, a commentator and an arbitrator.

On the environment: A man who was asked by the Prime Minister to set up a national round table on environmental and economic issues.

From business: A director of Spar Aerospace, Southam Inc., Seagrams, Canada Trust and Emco.

From the church: A man who recently received his Doctorate in Divinity from the Montreal Theological College.

On the family: A married man with five daughters between the ages of 13 and 20. We know what he was doing during the 70s.

On students: A man who attended Harvard, Cambridge and Queen's, graduating with honours from each.

From sports: A marathoner who has been known to abandon boring meetings in favour of a run.

And before they all get up and leave this meeting, I had better get these experts up here. They are, of course, all one man — Dr. David Johnston AB, LLB, PhD and an Officer of the Order of Canada.

David Johnston:

You do me great honour by inviting me to speak to you today. If it is true that a man is known by the company he keeps, then I am flattered to be included among your roster of speakers, from Winston Churchill to Margaret Mead to Indira Ghandi and Prince Philip.

As I consider why you have asked the Principal of McGill, and former president of the Association of Universities and Colleges of Canada, to speak today, I choose to think it's because, for you, the hottest topic on the national agenda is higher education in Canada. If post-secondary education is not of gripping interest to you, I'm afraid one of us may be at the wrong luncheon.

Believe it or not, however, there are more and more Canadians who are convinced that improving our post-secondary education system is the most critical challenge facing this country, the cornerstone of our nation's economic and social well-being. "Even more important to the future of Canada than any of the wars we have fought," according to prominent Canadian businessman Maurice Strong.

In this secular age of ours, can it be said that universities are, as a former Principal of McGill once put it: "The soul of modern civilization?"

What a lot we demand of our community colleges and universities. A well-informed, skilled workforce, a guarantee of higher wages and improved standards of living, a permanent passport to an intellectually enriched and spiritually satisfying way of life, a model of high idealism and practical learning.

Before we consider whether these demands are entirely fair, I would like to refer for a minute to the title of my talk. Two years ago, an article in The Globe and Mail deplored "The stifling paralysis of will" which it saw as choking the education debate in Canada. And what is the so-called education debate? It's an old debate and an important debate and it's time we got everyone to start taking sides up front and out in public. It's a debate about values; it's a debate about jurisdictions; it's a debate about priorities — and ultimately it is indeed a debate about the future of Canada.

And let me insert a question which foretells much of what I wish to say today. Why was the education debate so conspicuously lacking in the recent federal election?

One way of considering this debate is to look at it in terms of a single deceptively simple question, the question that serves as the title of my talk today. **Can we have equality of opportunity, and excellence too?** This question is *in no way* a rhetorical question. And you would be surprised at how many respected Canadians would answer a flat *no*. No, we cannot encourage everyone who qualifies to attend university or college, and still hope to offer a diploma or degree that's worth more than the paper it's printed on.

The implications of such a negative reply are awesome for the future of Canada. But before we leave this room today, I urge each of you to examine the question from your own context and whatever conclusion you reach, act on it.

Perhaps it's old experience as a labour arbitrator, but I wish to postpone giving you my own answer to this question and instead ask you a few *more* questions that will, I hope, lead you to understand the dimensions of the present situation in higher education across the country today.

Last March former Secretary of State David Crombie uttered this stirring declaration: "Canadians have the talent, the brains, the imagination and the energy to achieve anything they put their minds to. All they need is a fighting chance."

What does that mean, a fighting chance? What are we waiting for? If we have all this energy and talent and imagination and brains, why is Canada's education system in such a fix? Why is Canada last among the top seven industrial nations for the percentage of scientific researchers per 1,000 population? Why is our productivity level 40 per cent lower than the Americans? Why have our universities' capacity to support research dropped to below 56 per cent of what it was in 1970?

Why is it on the day that Dr. John Polonyi was to learn of his Nobel Prize he was advising a bright Canadian graduate student to seek his career in the United States because the funding for research is four or five times greater there?

Why has Canadian investment in research and development actually declined, as we discovered a few weeks ago, to 1.38 per cent of the Gross Domestic Product despite Prime Minister Mulroney's pledge to double R & D spending to 2.5 per cent of the GDP in his first term of office? Nowadays every newspaper in the country carries stories about the importance of being able to compete in the high-tech environment of the 21st Century. Leading industrialists, academics and politicians seize every opportunity to warn against the perils of an uneducated workforce and an uncompetitive society, particularly as we enter into a new era of free trade. Yet wherever we look, our colleges and universities are facing overcrowded classrooms, outdated equipment, impoverished libraries, aging professoriates, and budgets so tight even accountants weep.

Why have those Canadian universities which have greatly expanded their research base never been poorer, finding themselves in the unbelievable position of having their excellence rewarded by ever smaller operating revenue?

Why is it that Ontario's fine universities, such as Toronto, Queen's and Waterloo are attempting to offer teaching programs at a level of the great universities of the World — Harvard, Stanford, Princeton, Oxford, Cambridge — and yet must do so with one-fifth the income per student of those institutions? Why are we in this muddle?

We are in it because while we Canadians support the principle that anyone who qualifies and wants to study should have access to higher education, we haven't done anything to protect the excellence on which our greatest institutions have built their reputation.

I suggest to you that with its 270 universities and colleges and its $10-billion post-secondary education budget, Canada has already done more to encourage equality of opportunity for the individual than, perhaps, any nation in the world and surely better than any nation in history. Nonetheless participants at the historic National Forum on Post-secondary Education in Saskatoon last October agreed that even *more* has to be done to improve access, more for women in non-traditional fields, more for the disabled, more for immigrants, for minorities and for the aboriginal peoples. There is probably no university head in the country who does not support the principle of broad access to post-secondary education. And yet there is one compelling pair of statistics that strikes at the heart of this conviction.

In the past 10 years alone, figures compiled by the Association of Universities and Colleges of Canada show that there has been an *increase in enrolment of 30 per cent.* And by how much have our operating budgets gone up? Not 25 per cent; not 15 per cent; not 10 per cent.

With a 30-per-cent increase in enrolment, our budgets have gone up *a mere 1.6 per cent* and these have been years, for the most part, of relative affluence.

In Quebec, of course, we face a particularly exasperating situation. With our tuition fees frozen at the level they were 20 years ago, the percentage of operating revenue they represent is at a preposterous 9.2 per cent. In Ontario they are at 20.4 per cent, a more realistic figure. McGill chancellor and former chairman of Bell Canada Enterprises Jean de Grandpré has a point when he says that it costs more to send your child to day care than to put your son or daughter through medical school.

And students *know* they're not getting the high quality of education they were taught to expect and deserve. Only a month ago the chairman of the council of Ontario Universities, Harry Arthurs, acknowledged in The Globe and Mail that more students are looking at universities outside Ontario, principally, it seems, because of "concern about the quality of university education available at home."

How did this situation arise? The answer, I suggest to you, is painfully, poignantly clear: We are expecting *far too much* for *far too little.*

Can we have equality of opportunity, and excellence too? I have my own reply ready, and it is — characteristically, perhaps, for a lawyer — a "yes-if" answer.

- Yes, if we can get Canadians to talk about education with the same passion and conviction that they recently showed over free trade.
- Yes, if we support the federal government's efforts to establish centres of excellence chosen by academic peers, to launch national scholarship and bursary programs, and to increase funding for science, engineering and the humanities.
- Yes, if we stimulate the private sector to endow more chairs, invest more in research and development, take concrete initiatives to support quality teaching.

Did you know that Canadian corporate giving as a percentage of before-tax profits has actually declined quite substantially in recent years? In 1969, for example, donations were reported at .74 per cent of before-tax profits. In 1985, the average had dropped to .43 per cent, one-quarter the level of U.S. corporations.

Tuition fees, too, must reflect a more realistic cost-sharing approach to education. Because we Canadians support the notion of broad access to educational opportunities, that doesn't mean we believe these opportunities should be achieved without effort of sacrifice or appreciation. It is quite possible for us to devise sensitive loan and bursary schemes to ensure no qualified student is denied access to university and still expect that student and his or her family to have greater ownership of that education through higher tuition fees.

Yes, we can have both access and excellence, if we insist that the spirit of co-operation so evident at the Saskatoon Forum a year ago replaces the federal-provincial wrangling which in the past has been such a smokescreen for inaction.

Moveover, Canada's universities and colleges are no passive partners in this great enterprise to improve our post-secondary system. The strategy, it seems to me, that they can best adopt to achieve and maintain distinction, is to cherish diversity. Diversifying their programs so that individual students can better tailor their choice of courses to their own unique requirements. Building on areas of traditional strength, welcoming a variety of approaches to learning, including self-directed learning, and work-study programs. Trying to incorporate in their approaches what journalist Lise Bissonnette calls "Le Nouveau Classicisme." An integrated system embracing both the traditional virtues of the liberal arts and the new demands of a technologically-advanced society. We must accept that universities per se are not necessarily as institutions the be-all and end-all of higher education. We need to diversify what we actually do — we need an MIT and a Cal Tech, as Walter Pittman of the Ontario Institute for Studies in Education pointed out last spring, and some smaller liberal arts institutions closer to Oxford and Cambridge colleges.

We also need diversity in our faculty and student body more closely matching our multiprismed society and our increasingly frontierless world. Expanding language offerings, studying the geography, history and culture of other climes, encouraging international students to come to Canada — these are all ways Canada's post-secondary institutions can master strategies of distinction to achieve the excellence they yearn for.

There are now, for example, 35,000 international students enrolled at Canadian colleges and universities and the consensus is clearly that international students contribute enormously by enriching Canada's cultural and academic environment and by creating important links between Canada and the rest of the world. Indeed we are competing with other countries to attract such students.

There's a lovely quote I'd like to share with you about the importance of diversity, from a speech by the late Rene Dubos, the renowned American microbiologist and ecologist.

> Diversity is at the origin of many conflicts and it tends to make the world of things and world of men inefficient and inconvenient. But I believe that in the long run diversity is preferable to efficiency and convenience, and perhaps even to the serenity of absolute peace. Without diversity, freedom is but an empty word, persons and societies cannot continue to evolve. Human beings are not really free and cannot be fully creative if they do not have many opinions from which to select.

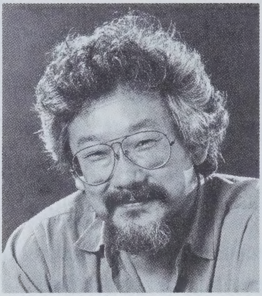
Or to quote a much more ancient prophet: "To know one is to know none."

Yes, we *can* break free of the quagmire in which our post-secondary system appears to be floundering. We *can* shake off this stifling paralysis of will I referred to a few moments ago. We *can* give young and young-at-heart Canadians from coast to coast a chance to move beyond their high school education. Yes, we can do this and still have strong claims to excellence. But we have to recognize what Quebec entrepreneur Serge Saucier told the Montreal chamber of commerce recently:

"La mediocrité à long terme coûte plus cher que la qualité." Mediocrity in the long run *does* cost more than quality, and to produce knowledge requires investment, investment of money, of passion, of intellect, of purpose.

We can achieve anything we want, if we want it badly enough. Make up your own minds about what *you* want, for yourselves, your children, your society. And act on it.

The appreciation of the meeting was expressed by John A. Campion of Fasken & Calvin and a Director of the Empire Club of Canada.



December 8, 1988

Dr. David Suzuki

Scientist and Broadcaster

THE CHALLENGE OF THE 21st CENTURY

Chairman: **A.A. van Straubenzee**
President

Introduction:

When I was nine years old, I lived on a farm in the Okanagan Valley of British Columbia. Close by was the Shuswap River.

I was a lucky boy.

One morning I saw 13 deer jumping a high fence. A sight I've never forgotten. I saw black bears eating the fruit in our orchard, coyotes swiping our chickens. One night a cougar stole a steak off our back veranda.

I was a lucky boy.

My mother grew beautiful sweet peas and roses. And my father took me fishing on horseback to the cool lakes in the mountains.

I was a lucky boy.

We used to go skinny dipping in the Shuswap and I remember a lovely girl by the name of Marion. Unfortunately there is no reason for her to remember me.

So what, you might ask.

Well, our children of today are not so lucky, either in seeing and enjoying nature or in being taught it. But there is one area in which we are lucky, and that is being able to see The Nature of Things on TV.

Last night, for example, Dr. Suzuki's wonderful program was entitled The Rivers to the Sea. We saw speckled trout, Atlantic salmon, May flies, small mouth bass and, if you're a fly fisherman, it made your mouth water.

And, of course, he educated us about the lack of conservation on our rivers and the devastating effects of acid rain. Each program should be shown in every primary schoolroom in the world. His work is nothing short of brilliant.

Dr. Suzuki loves the word metamorphosis. He uses his renowned study of fruitflies to explain it in an interview in Quills and Quire:

> They go through these remarkable transitions from an egg into a larva: the larva sheds its skin and gets bigger and bigger. Then the larva pupates and from the pupa emerges something looking totally different, with legs and eyes.

The whole process of change is called metamorphosis. He has used the scientific concept of metamorphosis in insects as a metaphor for life in a remarkable autobiography, Metamorphosis: Stages in Life.

As with the annual cycle of the Rivers to the Sea, we have witnessed a four-year metamorphosis in the life of this great Canadian — because it was four years ago, almost to the day, that he last spoke to The Empire Club. Was he a tadpole that has turned into a frog?

No. But as his program said last night, if you keep quiet you find yourself in the middle of an immense amount of activity. So I'd better keep quiet — and over these four years . . .

David received:

The 1986 Kalinga Prize, awarded by UNESCO, which he shared with a Soviet physicist.

An ACTRA award for the best host-interviewer, for CBC's Futurescan.

The Governor-General's award for Conservation, for a Planet for the Taking.

The World Environment Festival Award for the same eight one-hour shows on CBC.

And he wrote his autobiography. In that same interview I mentioned earlier, he said:

> I'm sure that I'm driven to do things not to be a success in the sense of gaining money or reputation, but to affirm that I'm a worthwhile person. I have to keep finding a new challenge.

May his search never end.

David Suzuki:

One of the great parts of being host of a program is that I get credit for everything that's done on the show, and that show represents an enormous amount of work — often the work of other people. So I'm glad that some of the people from The Nature of Things are here to share at least some of the recognition that you've just given me. Come on guys, stand up so that we can at least say thanks to The Nature of Things people.

You may remember that just over a year ago there was a rather prolonged strike of elementary school teachers. I remember vividly. I had two children in the Toronto school system and I found myself trying to spend some time substituting for those teachers. One of the first things that I did was arrange to take the children to the Toronto Metro Zoo, one of the greatest zoos in North America. I did so with a great deal of excitement because I well remember my first visit to a major zoo. It was one of the great events of my childhood. It was in the late 1940s; we were living in a town called Leamington, Ontario, and we went to the Detroit zoo.

For me it was a real epiphany. It was a point that I remember as a high spot of my childhood because I was overwhelmed with the diversity and abundance of life on this planet. For years I dreamed of visiting the Sarangetty Plains in Africa and the Amazon jungle in South America. And so, it was with that memory that I took the children to the zoo a year ago.

What an incredible difference 40 years make. At every exhibit, my eight-year-old daughter would ask me: "Daddy, are there many of these left?" At the age of eight, she already knows about extinction and it worries her. I found myself at virtually every exhibit having to answer: "No sweetheart, there aren't many of these left. These are rare, these are endangered."

During that day, I had to reflect on the fact that the great rhinoceroses that once numbered in the thousands in the Sarangetty Plains now number fewer than 10. The great Amazon rain forests that I dreamed of visiting are being destroyed at a horrifying rate. I realized that within the lifetime of my children there will be no chimpanzees left in the wild, no Siberian tigers, no elephants, no cheetahs left anywhere in the wild. The only survivors will be kept in zoos. I recall that the great biologist Edward Wilson at Harvard has estimated that in tropical rain forests alone, every year, 17,500 species of animals and plants become extinct. I realized when my five-year-old said at the end of the day: "Daddy, why is it everything is disappearing?"

In that child's question was an obvious recognition that this planet is changing beyond recognition under the assault by the deadliest predator in the history of life on earth. In the last five or six years, I have been very privileged to spend a great deal of time with native people, mainly in B.C. One of the things that they have taught me is to listen to what our elders say and to consider their words very carefully.

I have talked to elders in B.C., people who have lived and fished in B.C. for over 50 years. They tell me about salmon and trees, in numbers and size that loggers and fishermen haven't seen in years. You talk to people in the Prairies about what the waterfowl migrations used to be across the wetlands and they will tell you about migrations that literally darkened the skies for days on end. You talk to Ontario people, they will tell you that not long ago you could go down to one of our major lakes, scoop out a cup of water and drink it.

You know that every one of these cups today contain dozens of different toxic chemicals. You just have to go down to the beach and look at the signs that tell you, if you are a pregnant woman, don't eat anything coming out of this lake. What is that trying to tell us? I have met people that are so old they can remember when air was the way I was taught in high school, an odourless, tasteless, colourless, invisible gas. It hasn't been that way in Toronto for a long time.

Talk to Maritimers, they will tell you about lobster and cod of size and number that fishermen haven't seen in decades. Our elders are a living record of the enormous changes that have happened in this country within the span of a single human life. We tend to shrug our shoulders and simply say: "Well, those changes are the price of progress." I would suggest that perhaps we need a radically different definition of progress.

It wasn't long ago that miners would take canaries into the coal mines with them. When the canary fell over, they got out of the mine — they knew something was wrong.

Well, today, when 10,000 seals die in the North Sea, those are our canaries. When 400 Beluga whales die in the Gulf of St. Lawrence and they are so toxic you can't touch them with your bare hands, those are canaries. When a Harvard professor tells us two species are going extinct every hour, those are canaries. These canaries indicate that we are faced with enormous global problems today of species extinction, habitat destruction, over-population, massive global pollution, atmospheric degradation, deforestation, desertification. Yet, even in the last election, none of the political parties paid any more than lip service to the importance of these issues.

Why is it that we are unable to see the extent of the enormous changes documented in the lifetimes of our elders? Why are we so blind to it? I think there are a number of reasons: one is purely historical. If you look at human beings the way biologists do, over the entire history of our species existence on our planet, 600,000 to 800,000 years, for 99 per cent of our existence on earth we lived in small groups of hunter-gatherers with very simple technology. For most of our existence, human beings were a tiny factor in our environment. Nature was, it seemed, infinite and endlessly self-renewing. You could pitch your tent or your camp, live there for a year or two, go away, come back 10 years later and it was as if no one had been there. Nature was vast and resilient. It could absorb what we did.

Even after we invented agriculture 10,000 or 12,000 years ago, for most of our time as farmers, we still lived in a state of nature. Nature was the dominant element determining the quality of our lives. It's only been in the last two centuries that you see a radical shift in the equation of humans in relation to the earth. It took all of human history, 99.9 per cent of our history, to reach one billion people on this planet (about 1830). And yet in the next 150 years, we doubled twice to reach four billion. We're at five now and we'll hit 10 within another 50 years. Now every new increase in numbers means that many more lungs to feed with air. That many more stomachs to fill with food, bodies to clothe and shelter.

We now are the most numerous, ubiquitous large mammal on the planet. But we are like no other animal that ever existed, because we are armed with the incredible muscle power of science and technology. Armed with that kind of muscle power, and our numbers and demands, we now assault the environment. And the environment can no longer take it and bounce back.

I think of the increase in muscle power out our way in the Queen Charlotte Islands where the people have lived for thousands of years. They tell me that before contact with Europeans, it took them up to a year and a half to cut down a single cedar or spruce tree. It took so long for those trees to fall, they would build cradles to cradle them as they were starting to lean. After contact with Europeans, two men and a saw and axe could take 10 days. Now, one man and a chainsaw can repeat the job in minutes. It's that incredible increase in muscle power that is at the base of what we are facing today. We continue to attack the environment as if it were the way it has been for 99.9 per cent of our existence.

So, I think there are historical reasons why we seem blind to what is going on. I think even more important than that, we continue as a society to cling to beliefs and values that are so deeply embedded in our culture that we never question them. I call them "sacred truths."

And yet, in many cases, these sacred truths are the very cause of the problems that we are trying to deal with, and I'd like to spend the rest of the time discussing a few of these sacred truths. I think the most important one that we have to face is that we now are driven by the priority of global economics. Global economics has become the reason why governments exist, to deal with global economics and to carve out our place in the market.

I would suggest that we have to look at the way that economics has changed in the last few decades. We have come as a society to equate progress with economic growth. If there is no economic growth, we say that we have stagnated, that we have a crisis, we have a recession. Growth and progress have become equivalent and most of the growth we deal with is in terms of profit. So growth, progress and profit have become interchangeable terms — growth has become an end in itself. If we don't grow, we don't progress. The problem with that is that nothing in the universe continues to grow in that way indefinitely, exponentially. It's a ludicrous kind of notion. If growth becomes an end in itself, then there is no further end.

I can tell you there is something fundamentally wrong with that — fundamentally wrong because, according to the Brundtland Commission, 20 per cent of the planet's population — North America, Europe and Asia, or Japan at least — now consumes over 80 per cent of the resources of the planet. It produced the vast bulk of toxic waste.

Now, I've been a full professor at U.B.C. since 1969 and every year around salary raise time, I've seen the full professors say: "Well, if we're getting a four-per-cent increase, it's got to be across the board, full professors have to get a four-per-cent increase like the assistant professors." But the full professors are pulling in these huge salaries and the assistant professors are saying: "Wait a minute now; your four-per-cent increase in salary is equal to my whole annual salary."

That's exactly what the Brundtland Commission is saying. We are 20 per cent of the world's population using 80 per cent of its resources and demanding that we still have our three-per-cent and four-per-cent growth every year. Our three-per-cent and four-per-cent growth is the equivalent of virtually everything that the rest of the world is using. There is something fundamentally inequitable about that. I would suggest then that we have to look at the economics itself and ask where we got off track. If you look at economics, you quickly realize that we are the only species on the planet that has a concept of economics. It's an invention of the human brain and it's fundamentally flawed because economics only sees value in the rest of the planet in terms of human utility. If it's got a use or worth to humans, then we say it has economic value. If it has no use to humans, then it's essentially worthless.

I thought of this a few years ago when the Japanese announced that they had found a way to use penguin skins to make gloves. You could practically hear the world's industrialists saying "Thank God someone found something to do with those bloody birds." Millions of them go to waste every year. That's the economic mentality, one species out of 30 million species defining what has value for the entire rest of the planet. There is something fundamentally wrong about that.

Today, human beings use 40 per cent of the net primary productivity on this planet. That means all of the energy trapped by photosynthesis by plants. One species out of 30 million and we will double in 50 years. Are we going to demand 80 per cent of the net primary production, because it is the removal of net primary productivity from the rest of the eco-system that is directly related to the extinction crisis that is going on. Underlying all of this demand for primary productivity is the need of economics, the need to continue to grow.

Now, I'm going to belabour this a bit because I suspect the vast majority of you are deeply embedded in the basic belief system in the importance of growth and economics. I would suggest that economics is fundamentally flawed because it makes no ecological sense. It is fundamentally flawed because around the world, global economics is addicted to a trillion dollars U.S. in military spending and to me that is a perversion. It is perverse to say that we must spend a trillion dollars in manufacturing and using machines of death. Economics today enslaves much of the Third World. It enslaves a country like Brazil.

Brazil is in such great debt, it is busy converting food crops to cash crops. It's busy bringing in loans from the international community to finance mega projects to destroy the tropical rain forest, the greatest ecological treasure house anywhere on the planet. When the great Amazon forest is gone, Brazil will be as much in debt as it was before they began to repay the loan. Now, you can't tell me there isn't something fundamentally wrong with that if we are exchanging interest on debt for the greatest eco-system that has ever existed on this planet. We have to find a way of forgiving that debt.

Global economics as we have seen in the last election leads to claims by people like John Crispo at the University of Toronto who said: "If we don't have free trade, Canada is an imminent economic basket case." I heard a lot of that during the argument both for and against free trade.

Let's ask the question, what does it mean to say that we are an imminent economic basket case? Now, I had a long discussion with an eminent American economist, Kenneth Boulding, who said: If you want to get an idea of how rich your country is, try this thought exercise; suppose you go to sleep tonight, you wake up tomorrow and the rest of the world has vanished except for Canada and 200 miles of ocean all around. What would happen? Would we starve? Of course not, we are one of the wealthiest, we are the bread basket of the world. Would we freeze? We have massive deposits of oil, gas, coal and tar sands. Would we lack for anything in the home or workplace? Of course not. By any criterion you want to apply, Canadians are the envy of the vast majority of people on this planet. We have a highly educated population that can make anything that we need. Yet global economics says that we are an imminent economic basket case. What is the great marvel that we should all be following? Why, it's Japan of course. That powerful superpower in the world — that's the country that we have to emulate.

Well, let's try to follow Ken Boulding's thought exercise. Suppose the Japanese wake up tomorrow and discover that the rest of the world has vanished except for Japan and 200 miles of ocean? What would happen? Overnight they would be in deep trouble. They have so polluted the air, water and soil around those islands, they cannot support that country. Their fishing fleet is the equivalent of 20th Century buccaneers. They ply the seven seas raping the oceans to feed a country living very high on the ecological food chain. They have virtually no raw resources except forest. They have virtually no energy except low-grade geothermal energy. Overnight Japan would be plunged into a very primitive agrarian society.

Yet, it is global economics that says we are an imminent basket case and the Japanese are a superpower. I would suggest there are some loony tunes going on here. There is something fundamentally flawed about that.

Now finally, the addiction to growth. As I said, nothing in the universe continues to grow indefinitely. This is called exponential growth. The thing about exponential growth is that whatever is growing, it will double in a certain length of time. At two per cent it will double in 35 years, at three per cent it will double in 23 years, at four per cent in 17 years and so on. So everything has a doubling power.

Now, let me give you an example of an exponentially growing system to show you why it is ludicrous to think that we can continue to have steady exponential growth. I am going to give you a test tube full of food for bacteria. I am going to introduce one bacterial cell into this test tube and that cell is going to go through exponential growth. It is going to double every minute. So, at the beginning there is one cell. In one minute there are two, at two minutes there are four, and at three minutes there are eight and so on. That's exponential growth. At 60 minutes the test tube is completely full of bacteria and there is no food left. The question is: when is the test tube half empty? The answer is, of course, 59 minutes. At 59 minutes you still have half a test tube of food but you are going to be one minute away from filling it with bacteria. So at 58 minutes, the test tube is 25 per cent full of bacteria, at 57 minutes, 12.5 per cent. At 55 minutes it is only about three per cent full of bacteria.

If at 55 minutes one of the bacteria said:

"Hey guys, I think we have a population problem, I think we're running out of food and space," any sensible bacteria would say: "What the hell are you talking about? 97 per cent of the test tube is food and we have been here 55 minutes." And they would be five minutes away from filling it.

Now let's suppose bacteria are not much different from us; that at 59 minutes, a few of them finally smarten up and say: "I think we've got a problem, we better put every bit of resource into our genetic engineers and all our high tech guys and they have got to get us out of trouble." You know what they do? These hot shot scientists come up in 30 seconds with three new test tubes full of food and nobody in it. So they have now quadrupled the amount of space and food. What have they got? At 60 minutes the first test tube is full of bacteria, 61 minutes the second is full and at 62 minutes all four are full. Quadruple the space but keep exponential growth you buy two extra minutes. Now I can tell you that no amount of science and technology is going to quadruple our space and resources and that we are long past 55 minutes. We have to be thinking not of continued growth, or sustainable growth, or even zero growth, we have to talk about negative growth.

Now I know your eyeballs are all rolling up and you think I'm nuts. But I would suggest that if you are seriously concerned with where we are going in the next few decades, you cannot continue to cling to the notion that we can have steady exponential growth in the coming years. Let me just skim through some other sacred truths. We believe that we as a species lie outside nature, above nature; that we are somehow different from other creatures and it's easy to see why we believe that. Eighty per cent of Canadians live in urban settings, in a man-made environment, and even those of us who live in the country live in what is essentially a manscaped landscape.

We have created the area around us the way that we want. It is easy to feel a sense or an illusion that we now are somehow controlling the world around us. We forget this at great peril. We forget that we are still, at its absolute fundamental level, animals. We are animals who for our health and longevity require clean air, clean water and clean food. As animals, we depend for our nutrition on animals or plants that were once themselves living. Anyone who reflects on what we eat for food quickly has to realize that everything in our diet was itself once living. All our food needed clean air, clean water and clean food.

It's a ludicrous idea to think that we can use air, water and soil as a dumping ground for our effluents and not ultimately pay for that in some way. We live in a finite world in which all that we eat and depend on must derive its nutrition and survival out of the air, water and soil around. We as animals depend on clean air, we have sat in this room together for over an hour now and as Johnny Biosphere, a man at the Centre for Inland Waters, likes to tell children: "Having spent an hour here together, we now have in each of our bodies atoms that were once a part of everyone else in this room."

Air doesn't form this little bubble around our noses so that we only breathe in an out what is ours. Air is shared by everyone. Because air doesn't disappear after we've used it, it's finite and it's cycled back and forth again and again. We have air or atoms that were once in worms and birds and trees and fish. When I tell children this they almost always go: "Uh, Yech." They don't want to breathe that stuff.

It is a wonderful illustration of the fact that we don't in any way transcend our animalism. We are animals and the same applies to the water and again Jack Valentine, Mr. Johnny Biosphere, illustrates this with a story on Lake Superior 500 years ago when an Indian man was walking along the shores of Lake Superior on a hot summer day. He was sweating, so he dove into the lake to cool off and the sweat from his body washed into the lake with sodium and chloride ions. Five hundred years later when you take a drink of water from the tap in Toronto you're drinking sodium and chloride that came from the sweat of that man's body.

I'll run through this very quickly. Science, anyone who knows anything about science understands that it differs from all other ways of knowing because it focuses on a tiny part of nature. It separates it and isolates it from anything else. That's the power of science, its ability to concentrate on an isolated fragment of nature. Now, ever since Isaac Newton's time we have assumed that nature is like a big jigsaw puzzle. If you look at enough jigsaw puzzles you'll be able to put them all back together and get the complete picture. Physicists have known for a long time that if you look at a piece here and a piece there, when they come together they react with each other in ways that you cannot predict beforehand. The whole is greater than the sum of its parts. So we will never through scientific reductionism, reducing nature to small parts, be able to comprehend whole systems. We believe we can predict and manage the consequences of new technology. I won't go through that, let me just mention one other sacred truth and then I'll quit.

We believe, because we are in a democracy, we elect people to lead us into the future. Now, all of us look at the world in a very special way. We look at the world through the lenses of our own professions. So if you're a banker, if you're a lawyer, if you're a doctor, you look at the world through specialized eyes. I gave a talk in June in Montreal to the American Dental Association and every person I met first looked at my mouth and then at my eyes. It is perfectly understandable. My area is genetics. Whenever I look at a group like this I see mutants everywhere; I can't help it, so we all look at the world through this special lens.

Well, when you then look at who are our elected representatives in Ottawa, and I did this last year, over 70 per cent of cabinet members came from two professions. They came from business and they came from law.

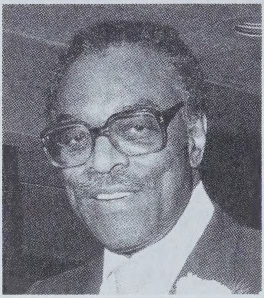
Now I have nothing against business people and lawyers. I'm not going to speak to a group like this and say I've got anything against lawyers and business people, but the fact that you have such a disproportionate representation from two professions skews government perceptions of priorities. It's not an accident that Meech Lake jurisdictional and free trade economics have dominated the thinking of our politicians. Most of them are business people and lawyers. And business people and lawyers are scientifically illiterate and they are the people who are going to have to make decisions about the future of our forests, about the atmospheric degradation, about the ocean pollution, about desertification, and so on.

How can you make a wise decision about that when you can't assess the technical advice that you get from your experts. We aren't led into the future by our leaders, we back into the future because the people we elect to office are scientifically illiterate.

I usually talk about what we can do about it, but I don't have time. I've tried to challenge you by saying that we face a massive unprecedented crisis and ecological crisis on this planet. That we are currently blinded to the immensity of it and the importance of it by many of our most deeply held sacred truths. And to challenge them, what I have tried to do in this time is to provide you with some insight into questions about those sacred truths.

We cannot continue to mortgage our children's futures by opting for short-term profit and power. We need a radically different notion of society's priorities. A redefinition of the word progress and of our relationship with nature.

The appreciation of the meeting was expressed by Bart Mindszenthy, Executive Vice-President of the Beloff Group Inc., and a Director of The Empire Club of Canada.



December 15, 1988

The Hon. Lincoln M. Alexander

Lieutenant Governor of Ontario

CHRISTMAS LUNCHEON

Season's Greetings from the Lieutenant Governor
and
Special Performance by The Christ Church Deer Park Choir.

Chairman: **A.A. van Straubenzee**
President

Lt.-Gov. Lincoln M. Alexander:

What a magnificent opportunity has been given to me to serve Her Gracious Majesty. Yes, I do travel quite a bit. And the reception I receive no matter where I go is memorable, meaningful and lets me know how fortunate I am to hold the position I do and to live in this beautiful province of ours.

Look at TV every evening, and listen to the radio, read the local newspapers, then you'll find out how fortunate we are. You'll find out that really, we have so much to be thankful for and so little to complain about.

You'll find out that we have brought forth a nation that is the envy of all developing nations and indeed some of the developed nations. And, the hub of it all is this beautiful province of ours, the province of Ontario.

So we are here, the festive season is about us. I am delighted to see the Christ Church Deer Park Choir here. I hear you have voices of beauty, and that you're excellent. I know you'll be up to the challenge and I'm so pleased David Smith, the director, was able to bring the choir here so that we can enjoy their wonderful voices.

The festive season, ladies and gentlemen, brings with it time honoured thoughts about family, friends and traditions. These joyous times also signal an annual reunion, an opportunity for family and friends to come together to observe traditions, share memories and enjoy friendships. The season also brings with it a time for prayers.

We have to be concerned about our family, friends, and we pray for them, prayers that they will have a safe and joyous festive season and a New Year of happiness, prosperity and good health. We who celebrate Christmas should remember that the festive season reminds us that it means love, forgiveness, tolerance, and charity. By and through all of these things, we celebrate the spirit of Christmas in a real way.

Celebrations come, my dear friends, in different ways — by way of culture and religion, but for many there may not be as much to celebrate. The homeless, the hungry, the lonely. They pray that the festive season will be meaningful for them as well as joyous.

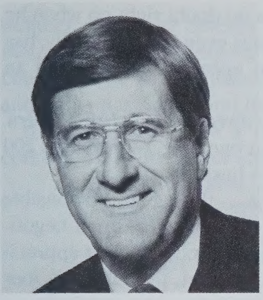
So the true spirit of Christmas demands that we who are more fortunate join them in their prayers and, as well, calls on us to nurture the timeless characteristics of caring and sharing. You can make a difference. You think about it.

The homeless, the lonely, the hungry. We are here in this magnificent room, most of us able to make it one way or another. It's not too late for you to say I do care. And that some of those prayers of those we just mentioned will be answered. As we move forward to the New Year, a new beginning, may it bring peace for all nations, compassion and good will to all.

Mr. President, I am delighted to be here as Her Majesty's Representative once again to say Happy Festive Season, or, as the case may be, Merry Christmas to all. And last but not least

Best Wishes to each and everyone of you for the New Year.

The appreciation of the meeting was expressed by A. A. van Straubenzee, President of the Empire Club of Canada.



January 5, 1989

R. Alan Eagleson

Sports Enthusiast and Lawyer

HOCKEY – IN CANADA AND ABROAD

Chairman: **A.A. van Straubenzee**
President

Introduction:

Good afternoon ladies and gentlemen. My name is Tony van Straubenzee and, on behalf of all the Directors and past Presidents of the Empire Club, I want to welcome you back to the 1989 season of the Empire Club of Canada.

We want to wish you a very happy and prosperous New Year. There is one person I particularly want to wish a Happy New Year and a Happy Birthday. That is Robin Younger, one of the finest executives on Bay Street, who arranged a dinner for me to meet Michael Wilson and a former partner of mine, Jean Claude Blanc.

It was at that dinner that the Finance Minister arranged for us to host the dinner for President Ronald Reagan and Prime Minister Brian Mulroney during the June summit. It was also at that dinner that Mr. Blanc agreed to speak to Audrey Hepburn, who will be with us April 27.

Needless to say, we are indebted to you Robin. Thank you from the bottom of our hearts.

Canadians are not generally known for boasting about our resources, whether human or otherwise, and we tend too often to hide our light under a bushel. As much as we might try to do that, it's not an easy task with Alan Eagleson. It's not an easy task because — like Niagara Falls or the Rocky Mountains — he's larger than life.

I recently caught a Pierre Berton interview with Alan Eagleson on his show The Secrets of My Success. Berton was no doubt right on when he said that no other lawyer in Canada, or perhaps even internationally, has had such success in the sports field as an agent, a manager and an entrepreneur.

Alan Eagleson is the founder and executive director of the NHL Players' Association. He is also a player agent who, at one time, represented 200 NHL players in contract negotiations and on business matters.

Eagleson is on the board of Hockey Canada — the agency responsible for Canada's 1988 Olympic Team. He represents the NHL in all negotiations involving international hockey. And he is probably most appreciated for his creation, The Canada Cup Tournament, played every four years.

His partner, Bill McMurtry, says "He is such a dynamic and energetic guy; he's such an original, he will do things that others would never do, good or bad."

"I don't think you can expect anyone to achieve what he has achieved without being outrageous, and as a result becoming a target."

In addition to hockey, Eagleson has been heavily involved in politics. He served as president of the provincial Tories for 10 years, after having represented the riding of Lakeshore in the legislature for four years.

He has received many awards, too numerous to mention. But one award stands out — the 1987 Lester B. Pearson Man of the Year Peace Award for his contribution to world peace and Canadian unity. In October, he was elected to Canada's Sports Hall of Fame.

Eagle, as he is known, sits on the Board of a number of charitable organizations and companies and constantly acts as chairman and cheerleader of fundraising events.

Someone should write a book about the Eagle and tell some of the wonderful stories that some of our head table guests have about his many exploits.

My favourite goes back to the wonderful Canada-Soviet hockey series of 1972 when Paul Henderson scored that exciting last-minute goal.

During the game, Eagleson was doing his usual thing, shouting at the officials. He thought they were tampering with the clock. He was so vociferous that two very large Red Army officials moved over to remove him from behind the timekeeper's bench and were about to remove him from the rink.

At this point, Peter Mahovlich, a six-foot, four-inch player not noted for timidity, came to the rescue. In the melee that followed, our guest was rescued and all that was seen on television was the Eagle walking back across the ice toward the Canadian bench, giving a rather well-known gesture to the whistling crowd. So famous did this gesture become, that it was later used by a former Prime Minister in one of our Western Provinces.

Mr. Eagleson is known for his pranks. After a pleasant dinner with a number of hockey officials, the group came out of a Czechoslovakian restaurant only to discover no taxis were available. No problem. They comandeered an ambulance, paid the driver off and, with sirens wailing and lights flashing, found their way back to their hotel.

He has always been a colourful and exciting ambassador for our country. To quote Victor Hugo:

King of the Peak and Glacier,
King of the cold, white scalps,
He lifts his head at that close tread,
The Eagle of the Alps.

Alan Eagleson:

On the last occasion I spoke to the Empire Club I was introduced by a younger Ian Macdonald, and I made such an impression on him I was able to persuade him to undertake the chairmanship of Hockey Canada some 10 years later.

Many Canadians hear the two words, Hockey Canada, and ask me what it is. To put it very simply and concisely, Hockey Canada means international hockey at its finest. Hockey Canada was formed in 1966 to create opportunities for Canada's best hockey players to play against any other country's best players.

We have achieved that goal over and over again.

Hockey Canada brought Canada the most historic hockey series ever played — the Canada–Russia series in 1972. I will devote some time to that series later in my speech. Hockey Canada organized the 1974 Canada-Russia series with WHA players. Hockey Canada organized the Canada Cup tournaments of 1976, 1981, 1984 and 1987.

Hockey Canada organized our Olympic program which brought Canada back into the Olympics in 1980, 1984 and 1988. Hockey Canada is the creator of Canada's National Team concept headed by Dave King. Hockey Canada is the organization that brought Canada back into the International Ice Hockey Federation World Championships in 1977.

It is an umbrella organization for hockey groups across Canada. It functions well because of the commitment of people such as Ian Macdonald, our chairman, the knowledgeable Sam Pollock and Mr. Justice John Sopinka of the Supreme Court of Canada. These men and several others share a labour of love.

International hockey in Canada and abroad is enjoying tremendous success. You can pick up any Canadian paper during the winter months and read of a Canadian team playing overseas and of a foreign team playing in Canada.

Four Soviet teams are in North America this week — Moscow Red Army and Dynamo Riga are touring NHL cities. The Moscow Selects are playing in Western Canada against Canada's National Team and the Soviet Juniors just completed the World Junior Championships in Anchorage, Alaska.

During 1989, our Canadian National Team will visit Russia, Czechoslovakia, Sweden, Switzerland, Finland and Germany. In addition, teams from Russia, Czechoslovakia and Finland will tour Canadian cities. All of this adds up to hockey excitement for hockey fans in North America and Europe.

The International Ice Hockey Federation is expanding every year into countries where hockey is becoming an important sport. China and Korea will compete in the D Championships against teams from New Zealand and Australia.

Australia is hosting the Group D Championships in 1989, the first time an Ice Hockey World Championship has been played in the Southern Hemisphere.

Player transfers from country to country are becoming more prevalent. We are all aware of the increasing number of Czechs, Finns, Swedes and Germans who now play in the NHL. Few Canadians are aware that there are 442 Canadians playing hockey in the United Kingdom and Europe.

British ice hockey is undergoing a Renaissance. There are four leagues and more than 24 teams in England and Scotland. They are so organized that the NHL Players' Association has been approached to assist the new U.K. Players' Union.

The importance of hockey in Sweden was underlined in recent reports from Stockholm. Stockholm's new arena, The Globe, is the home of the 1989 World Championships in April.

There has been a dispute concerning television rights. The headline read: "Threats of murder of I.I.H.F. treasurer if there is no TV of World Championships."

Two anonymous letters were received by Mr. Berglund, saying they would do to him what was done to Mr. Palme, the late prime minister.

Hockey is expanding around the world in areas other than at the professional level. Germany has been awarded the World Ice Hockey Championships for Women in April 1989.

Switzerland will host the A pool World Championships in 1990. Canada will host the Junior World Championships in 1991. Spain, Hungary and Yugoslavia are all bidding for the B pool World Championships in 1991. Japan has offered to host a tournament in 1990 with teams from Canada, Russia, Czechoslovakia, Sweden and Japan.

Canada has sent university hockey teams to China on tours which assist the Chinese hockey program. The most unusual aspect of the games was that the Chinese would stop to pick up any Canadian player whom they knocked to the ice. They couldn't understand why our players wouldn't do the same.

A recent report from Russia stated that a Soviet team might wish to enter a global league or play a half-schedule in the NHL. This is the most recent example of Glasnost and Perestroika. Glasnost — openness — and Perestroika — economic restructuring and self-sufficiency — are the two touch words in any East-West dialogue today. These words have only come into public focus since Gorbachev came to power.

At the hockey level, I have been dealing with Glasnost and Perestroika for more than 20 years.

The exchanges we started in 1969 with the Soviets have become an important part of the North American hockey culture. This openness — except in Toronto with Harold Ballard — has continued even during the days of the Olympic boycotts.

The Perestroika philosophy was obvious from the start. Once the Soviets saw how successful the 1972 series was they decided that their teams should be considered on an economic basis as well as on a sports basis. Gorbachev is going to try with the rest of the system what hockey has been doing for two decades.

I was in Russia in December at the Izvestia Tournament. It was a true example of Glasnost and Perestroika. Ordinarily the defending champion of the Izvestia Tournament is given the first day of the tournament as a free day. Ticket sales were important this year for financial requirements. Bingo — Change! The opening game is Canada vs Soviet, which should have been the last game of the tournament. Glasnost was evident when a Soviet player was quoted after the 7-1 victory as saying: "We wanted to get even for last year and we knew the Canadians would be tired after the long flight."

The other example of Glasnost this year was that Fetisov — the great defenceman from Red Army — was stripped of his captaincy, not by Harold Ballard, but by the Soviet coach. Fetisov, much like some of our North American professional players, had a few beers, broke curfew, and had a mix-up with a fan outside a Russian night club.

In the old days Fetisov would have been "sick" for two or three games and returned to the lineup. Under Glasnost, everyone in the Soviet Union was made aware of his antics. Fetisov may be wanting Glasnost to end.

Even Czechoslovakia is responding to Glasnost and Perestroika — Statutarni Hraci — Special Status. The top team, Kosice last year, will be able to put seven stars into the special status, second to fourth place, six stars; fifth to eighth place, five stars; ninth to 12th place, three stars. So now they have more incentive to win the championship.

After watching its best hockey players leave for Canada and the U.S., the Czechs have decided that their sporting teams should join the capitalist money-making ways. They know that the Finnish and Swedish Hockey Federations are paid by NHL clubs for Finnish and Swedish players. They realize that players are defecting to North America for dollars, not political reasons. They want their piece of the pie.

Juri Hrdina of Calgary is the first example of a player under

30 to be released to play in the NHL. There are many advantages to this change in attitude by the Czechs. Firstly, it gives money to their hockey federation. Secondly, it permits players to play in the NHL when they are in the prime of their career. Thirdly, and perhaps most important, the player and his family move back and forth between North America and Czechoslovakia without any problems and without fear of reprisal against family members.

Another example of Glasnost and change in Czechoslovakia is the number of younger men now being given the senior positions in international hockey negotiations. The retiring president is 72, his replacement is 42. The retiring secretary is 70, his replacement is 35. This change is apparent throughout other Czech departments, both in sports and government. Five members of the Czech Politburo are under 55, and they replaced men with an average age of 70.

Perestroika has had another major impact on Soviet hockey. Until last year, Red Army had the unlimited right to recruit players from any teams in any city. As an example, Tretiak was taken from his hometown at age 11 to prepare for his new Red Army position — not as an army cadet, but as a goaltender. It is difficult to recall that Tretiak, in 1972, in the big Canada-Soviet series, had just turned 20. Anyone who remembers those games will understand how well Tretiak learned his Army, I mean goaltending, lessons.

With this recruiting advantage, Red Army had the league championships wrapped up by December of each hockey season. In the Soviet Union, until last year, there were no playoffs. Perestroika brought with it many changes. Teams can now tell Red Army to stay away from their players. They can make them trade for their players. In addition, there is a playoff system. Many teams make the playoffs and they have a two out of three-game final series.

When Harold Ballard economic policies reach Russia, they will double the capacity of the arena by cutting seat sizes by 50 per cent, and they will play four out of seven-game series for the concessions values as well as the hockey values.

That will give you an indication of what is happening around the world in hockey.

In Canada, we are more active at the international level than ever before. In 1981 Hockey Canada organized Canada's National team program. The international chairman was Sam Pollock. The team general manager was Dave King and I was chief negotiator. Hockey Canada's board decided that a National Team program would be beneficial to hockey in this country. It has proved to be a major plus for Canada both at home and abroad.

Since 1981, our National Team has played more than 350 international games. More than 400 players have had the glorious opportunity to represent Canada in an international hockey game. Of these 400, more than 100 have played in the National Hockey League after their National Team career. At the present time more than 10 per cent of the Canadian players in the NHL have had some experience with Canada's National Team. Many of the players who were not good enough for the NHL, or who weren't interested in pursuing a professional hockey career, have become doctors, lawyers and engineers.

Many of the players on our team continue their studies by correspondence and at the University of Calgary. There is ample opportunity afforded to studies. It depends entirely on the attitude of the player. Our National Team program is also important for another reason. The support of Labatt and Esso and Safeway has helped us bring international hockey to small-town Canada.

In early December, our National Team played the Moscow Selects in Saint John, New Brunswick, Yarmouth, Nova Scotia, Summerside, P.E.I. and St. John's, Newfoundland. In late December and early January the same two teams will play in Saskatoon, Prince Albert, Brandon and Yorkton. In March another Soviet team will tour small Western Canadian cities.

With such an audience of business representatives I must spend a few moments on The Business of Hockey. There are several reasons why hockey is a good business for players and owners. The average salary is $200,000 a year. The pension is better than most businessmen receive. A five-year, 400-game player receives a lump sum of $250,000 at age 55 as a senior player benefit in addition to his pensions.

The owners are doing well after some rough years for some of them. Our union will be seeking a larger slice of the pie when our agreement comes up for negotiation in 1991.

The players, in most cases, determine the value of the franchise. A good team makes the franchise a financial success. Toronto is the major exception to this rule. Maple Leaf Gardens is known as the Carlton Street Cash Box with good reason. Its stock on the TSE has been one of the most outstanding and successful in the past 20 years. Imagine if we ever had a winner.

The Pittsburgh Penguins in 1983-1984 lost $3 million on cash flow and about $5 million including debt service. In June 1984, they draft Mario Lemieux. In 1988-1989, the Penguins will probably earn $5 million.

In June 1984, the franchise was worth $10 to $12 million. Today it is worth $50 to $75 million. Who gets the credit? Mario. Who makes the money? The Owner. Although Mario won't suffer with his $2-million-a-year contract.

There are many other examples and the Wayne Gretzky trade is the most obvious. Peter Pocklington bought Gretzky from Nelson Skalbania for $750,000 in 1979. He sold Gretzky for $15 million in 1988. That is a nice return on one's investment. Gretzky's move to Los Angeles brings some other numbers to mind. In the 1988 season Los Angeles lost $2.5 million. In June 1988 LA Kings are worth $15 to $20 million. In August 1988 LA buys Gretzky for $15 million and in the 1988-1989 season the LA Kings will make $2 to $3 million.

Wayne Gretzky gets a salary of $2 million but the club received an increase from cable TV and their average attendance has increased by 3,000 per game (approximately $50,000). With 40 home games, there's $2 million for Wayne's salary.

I wonder how Peter Pocklington feels now. With Gretzky, Edmonton was worth $100 million. Peter sold Wayne for $15 million. But now the Oilers are probably only worth $50 to $60 million. Considering Peter only paid $100,000 for the franchise, it is still a pretty good return on investment.

There are several other examples I could cite for you today but, instead, I wish to spend some time on the 72 series and on the 87 Canada Cup.

The series nearly had to be cancelled. We overcame what I call The Russian Tank issue. That story involved a young Montrealer whose car had been smashed by a Russian tank in Prague in 1968 when the Russians visited Prague. He seized the Russian equipment on a judge's order the night before the first game. We had to pay him off. After losing 7-3 on September 2, 1972, I wished I had let him keep the equipment.

I remember every aspect of that tournament. The loss in Montreal; the win in Toronto. Pete Mahovlich's goal. The tie in Winnipeg. The booing in Vancouver. The loss in Game 1 in Moscow, September 22, 1972. The wins Sunday the 24th, Tuesday the 26th and Thursday the 28th. And of course, Espo and Paul Henderson. That eight-game series will remain as the most outstanding sports spectacle in Canadian history. Every Canadian remembers what they were doing when Paul Henderson scored his goal.

I went back to Moscow in 1973. I needed a taxi. I used Henderson's name, Esposito's name. Then I said Eagleson. He took me right to their jail.

The 1987 Canada Cup was the most spectacular of all. The round-robin was very exciting. We tied Russia and the CSSR and beat Sweden, U.S.A. and Finland.

In the semi-final we were down 2-0 at the end of the first period. Then Mario and Wayne went to work. We won 5-3.

In the first game of the finals we were losing 4-1, came back to lead 5-4 with two minutes left and lost in overtime. In the second game we were leading 3-1, then 5-4 with one minute left. We won in overtime on a goal by Lemieux from Gretzky.

In the third game, we were down 3-0 to Russia at the eight-minute mark of the first period. We went into a 5-4 lead. The

Russians tied it and then with just over a minute to go, Mario and Wayne went to work again.

It was a spectacular, exciting, astonishing play. It brought back memories of 1972.

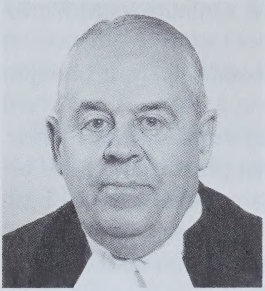
All of our '87 Canada Cup players play for their pride in their country and our hockey. As long as that pride exists, I will be happy to organize tournaments against the world's best teams.

Hockey is part of the Canadian mosaic. If you dissect every team that represents Canada you will see how true this is. As an example, in the '87 Canada Cup we had Irish-Canadians, Ukrainian-Canadians, French-Canadians, Polish-Canadians, and even a few representatives of the WASP community.

Such a cross-section shows how persons with common interests and desires can work together and reach great heights.

Canada is a young country 121 years old and it has become a melting pot of many traditions from other countries. If you could travel as I do, and see what I see in other places around the Globe, you would understand why I am so proud to be a Canadian.

The appreciation of the meeting was expressed by William R. McMurtry, Q.C., Toronto lawyer and former chairman of a commission into hockey violence.



January 12, 1989

The Hon. W. G. C. Howland
Chief Justice of Ontario

YOUR JUDICIAL SYSTEM AND YOU

Chairman: **A.A. van Straubenzee**
President

Introduction:

In a speech delivered by Madame Justice Claire L'Heureux Dube, she said:

> Judging is tough work. It requires energy and stamina and courage as well as intellectual ability. It also requires a high degree of sensitivity, pragmatism and an awareness of the human condition. All the legal training in the world won't make you a good judge if you lack compassion. In my opinion it is far more important to be able to appreciate the plight of the poor than to understand the 'rule in Shelley's case'.

Add to that the management role of the Chief Justice, Res Ipsa Loquitur. But Howlands do not duck or avoid leadership roles in this country.

William Howland was born in 1915 in Toronto. He is the son of the late Dr. Goldwin W. Howland, who was one of the first consulting neurologists in Toronto and a leader in furthering occupational therapy in Canada. William Howland is also the grandson of William Holmes Howland, a former Mayor of Toronto. He is the great grandson of William Pearce Howland, the only American-born Father of Confederation and the second lieutenant governor of Ontario. Good Genes.

William Howland is a graduate of Upper Canada College. He studied at the University of Toronto and Osgoode Hall and was called to the Bar as a silver medalist in 1939. He practised law with Rowell Reid Wright and McMillan, later McMillan Binch, and became a partner. He served the firm from 1939 to 1975, except for the years 1942 to 1945, during which he served as an officer in the Canadian Army.

William Howland has received innumerable honourary degrees from Canadian universities and in 1984 was admitted as Commander of the Order of St. John.

In 1975 he was appointed a justice of the Court of Appeal and in 1977 was appointed Chief Justice of the Supreme Court of Ontario.

Currently, his Lordship is Chairman of the Ontario Judicial Council and the Council of Judges of the Supreme Court of Ontario as well as the Ontario Bench and Bar Council, the Ontario Courts Advisory and the Finance Committee of the Canadian Judicial Council. He is also a member of the Board of Governors of the Canadian Judicial Centre. And he is very active in his church and community.

On Saturday, we read about the Chief Justice's concerns about trial delays in Ontario courts and the need for improved court funding.

Sir, we are most honoured to have you address our club today.

Chief Justice William Howland:

It is a great privilege to speak to a venerable institution dating back to 1903 about your justice system, which is nearing its bicentenary. The administration of justice and our court system are as basic to our society as government itself. In the United States the judiciary is the third branch of government.

In the time at my disposal I want to give you a brief outline of a few of the things you should know about your justice system. It only goes back to the creation of this province in 1792. It was then called Upper Canada. After the American Revolution some 50,000 United Empire Loyalists fled north. So far as is known, there was not a lawyer among those who settled in Ontario. I won't ask you to comment about that. All the lawyers apparently went to the Maritimes. However, no community can survive for long without a means of resolving its disputes and of punishing offenders.

When our first Chief Justice, William Osgoode, was appointed in 1791, litigation was not exactly thriving. There was only one person legally qualified to practise, Walter Rowe. There was no problem in having the lawyer of your choice. The second lawyer, John White, our first Attorney General, arrived the following year. In those days, the population of this province was only 10,000. Today it is over nine million.

In the early days, many of the judicial circuits were covered, more or less, on horseback. Punishment in those early days included whipping, branding, pillorying and banishment to the United States, as the preference of the judge, and the state of his digestive organs, directed. Banishment to the United States does not seem to be quite in accord with the spirit of Free Trade in 1989 but maybe the United States had a reciprocal right of banishment to Canada in the early days.

In a few brief sentences I should like to outline the bare essentials of our present court system in Ontario. A year and a half ago the Zuber Commission Report recommended the extensive restructuring of our entire court system. Earlier this year the Attorney General appointed a Task Force in his Ministry to make recommendations to him on certain specific matters. The Attorney General has not yet announced the structural reforms in the courts which he is proposing should be made. He has, however, announced that administrative regionalization will be the order of the day and that so far as the administration is concerned there will be eight regions, each with a regional director and a staff.

I have a secret admiration for those who are brief. Calvin Coolidge, a former President of the United States, had a reputation for being somewhat laconic. After attending a religious service he was asked what the sermon was about. "Sin," he replied. And to the question "What did the preacher say about it?" he replied "He was against it."

I am afraid I cannot be that brief. In this province we have three levels of courts. At the top is the Supreme Court of Ontario, with 75 judges. It comprises the Ontario Court of Appeal and a trial division called the High Court of Justice. We have a Divisional Court, which is a division of the High Court of Justice. It has an appellate role and also deals with judicial review of administrative tribunals. The second level of provincial courts is the District Court, with some 166 judges. Like the Supreme Court, it has broad criminal jurisdiction, except for murder, and civil jurisdiction up to $25,000 (and higher if jurisdiction is not disputed). Jury trials may be held in the Supreme and District Courts.

The third level of courts is the Provincial Court, which has three divisions — a Criminal Division, A Family Division and a Civil Division. There are altogether some 237 Provincial Court Judges. Jury trials cannot be held in Provincial Courts. The Criminal Division also acts as a Youth Court for Young Offenders aged 16 and 17. The Family Division of the Provincial Court functions as a Youth Court for Young Offenders aged 12 to 15 and also deals with matters of family law, except divorce. The Provincial Court (Civil Division) deals with claims for $1,000 or less except in the Judicial District of York, where it has jurisdiction up to $3,000.

There is also a Federal Court of Canada which has its seat in Ottawa but may sit anywhere in the country. It has 25 judges. The Trial Division hears appeals under certain federal statutes and also has jurisdiction as to claims against the Crown in right of Canada and in certain aspects of admiralty, patent, copyright and trade mark law. The Appeal Division hears appeals from the Trial Division and can review decisions of federal boards, commissions and tribunals.

At the top of the pyramid of courts lies the Supreme Court of Canada, which has nine members, three of whom must be appointed from the Province of Quebec. It sits in Ottawa. Last year it heard some 111 appeals from the whole country, mostly by leave only. Ninety-seven per cent of appeals in Ontario are disposed of by the Ontario Court of Appeal, which heard 1,322 appeals, of which nearly 79 per cent were criminal appeals.

While the courthouse is still the focal point for the administration of justice, there are three other essential parts of the justice system: the judiciary, the Bar and the jury. There are over 475 judges in Ontario. A judge's life is a cloistered one. The judiciary are expected to be of exemplary character because they have the task of judging others. There is no place today for the bullying, the sarcastic, the arrogant or the sleeping judge of which we used to hear in days gone by. Judges can expect little praise for their jurisprudential efforts. The most a judge can hope for is that the words of one's lips and the meditation of one's heart will be acceptable to at least one of the parties, and possibly to the Supreme Court of Canada. The most important qualities for a judge are said to be sound judgment and a sense of humanity, and if a judge happens to know a little law that is helpful.

The number of women judges is steadily increasing. There was a very early precedent for women holding high judicial office. Queen Eleanor was the Lord Chancellor in 1253 as she was the only person King Henry III could trust. Sometimes the Court of Appeal is the butt of the occasional joke. I was told about the mother who took her small boy to see the Court of Appeal in session. A few minutes later he grabbed her by the arm, terror-stricken.

"Mother, they are alive," he said. "I just saw one of them move." Sometimes, however, we are accused of doing more talking than the counsel arguing the appeal.

In Canada no judges are elected. Judges of the Supreme and District Courts are appointed by the Federal Cabinet. We are on the verge of embarking on a new system for the appointment of such judges. The Minister of Justice has now decided to establish a committee of five in each province to recommend to him whether potential appointees are qualified. Only first appointments to the Bench will be referred to the provincial committee. I would be remiss if I did not say that the judicial appointments made have been of a very high order.

The appointments of Chief Justices and members of the Supreme Court of Canada are presently made by the Federal Cabinet on the recommendation of the Prime Minister. I remember very vividly receiving a telephone call from the Prime Minister at 10 p.m. in November 1977 indicating his desire to appoint me as Chief Justice of Ontario. When we first met, several years later, he recalled the occasion which had put me momentarily into a state of shock. If the pending Meech Lake Constitutional Accord becomes law, the choice of members of the Supreme Court of Canada will be made from lists submitted by the government of each province of persons who are qualified in their respective provinces, except that in the case of Quebec the appointments will be made from a list submitted by the Province of Quebec.

Provincial Court judges in Ontario are appointed by the Provincial Cabinet after their names have been submitted by the Attorney General to the Ontario Judicial Council, of which I am the Chairman. The Attorney General has recently appointed a committee which includes a number of lay persons to advise him as to the names he should submit to the Ontario Judicial Council. The Council interviews all of the persons to be considered and from time to time has decided that it cannot recommend one of those nominated.

Secondly, there is the Bar. There are more than 20,000 lawyers in Ontario. Each Spring, Ontario admits to practice about 1,000 lawyers. I am glad to report that over 90 per cent of those called to the Bar are able to find good positions by the following November. Forty-four per cent of the most recent graduating class were women. A large percentage of the Bar does not engage in litigation. Those who do are responsible counsel who serve the Courts well. They include, of course, the Crown Attorneys who prosecute the criminal cases.

Juries still perform a very important role in the judicial system in both civil and criminal cases. They take their public responsibilities very seriously and enjoy the full respect of the public, and all those associated with the administration of justice. Bearing in mind that some trials last eight months, and even a year, some jurors make a very considerable sacrifice.

There are two principles which are the very cornerstones of our democracy and lie at the root of our justice system. They are the independence of the judiciary and the rule of law. The Attorney General is the chief law officer of the Crown. The

Crown Attorneys on his staff prosecute most of the criminal offences. The Crown is also a litigant in many civil matters. The Ministry of the Attorney General also provides the courtrooms and court staff. The judges, on the other hand, control the court lists, the conduct of what goes on in the courtroom and the decision-making process. Their independence must not be interfered with or challenged. In fairness to the Attorney General, I must say that normally he is most particular in respecting that independence.

When the Chief Justice of the Supreme Court of the Soviet Union was here in September he found it hard to credit that our judiciary was really independent. I told him that any officer of the Crown who attempted to interfere with matters lying within the exclusive control of the judiciary, to influence the decisions of the court or make improper inquiries about them would be in serious trouble. He listened, but I am not sure that he was convinced.

The rule of law sounds rather prosaic, but it is of fundamental importance to you. Simply put, it means that *everybody*, regardless of race, colour or creed, is subject to the law, and no one is above it. No one can be permitted to flout the law. The law represents the will of the people and must be obeyed. If it no longer represents the will of the people then it should be changed by Parliament or the Legislature. The forces of law and order will break down if a large number of people defy it. In short, those who defy the law by illegal strikes, by breaking Sunday-closing bylaws or by going on a rampage on New Year's Eve by breaking store windows and looting should be prosecuted.

In 1982 our Constitution was repatriated and a Charter of Rights and Freedoms was enacted. We are a multi-cultural society and people of almost every ethnic background have made Ontario their home and have enriched our culture. The Charter is a matter of great importance to every Canadian. The role of the courts in interpreting the Charter and in determining what is the supreme law of the land has become much more important. The courts are now making decisions which affect all of your lives and not merely the lives of two opposing litigants. The public has become much more conscious of its legal rights. Just glance at the newspapers any day in the week and you will realize the extensive coverage given to what is transpiring in our courts.

Let me just mention the abortion issue, Sunday closings, Catholic separate schools, mandatory retirement at age 65, freedom of expression and how it relates to subjects as diverse as hate literature, and solicitation for the purpose of prostitution, the right to stop automobiles where impaired driving may be involved, and search and seizure respecting illegal drugs. These are just a few of the issues which have been considered. The Charter was not intended to transform our legal system, nor to paralyse law enforcement. Generally speaking, I think our Court of Appeal has been conservative in its approach to the Charter and has respected the role of Parliament and the Legislature to enact new legislation.

I want to say a few words about the cost of legal services, particularly for those of moderate means. It takes a great deal of courage for an individual to embark on litigation when he does not have the complete control of it, and cannot say at any point: "I have had all the justice which I can afford." There should be some system whereby a person of modest means can get his or her rights determined with finality on a fast track without being subjected to successive appeals. For those who cannot afford counsel we have a very comprehensive system of legal aid in Ontario. It is estimated that it will provide approximately $131 million this year. The members of the legal profession contribute $3.5 million of this amount. Fifty-one million dollars will be spent on criminal matters and $34 million on civil matters, most of which will be of a matrimonial nature. Pre-paid legal insurance may give greater assistance to those of modest means in the years ahead.

The subject of sentencing is one on which the public has widely divergent views. Some members of the public act like direct descendants of Attila the Hun and would like to lock up everyone for life and throw away the key. At the other extreme are those who would like to limit most punishment to the performance of a community service order with some charitable organization. The whole subject has recently been carefully reviewed in the Report of the Sentencing Commission. The task of the Court of Appeal is reminiscent of the words of the Mikado:

> My object all sublime
> I shall achieve in time —
> To let the punishment fit the crime
> The punishment fit the crime

Our task is to ensure as far as possible uniformity of sentencing and that the punishment reflects the gravity of the offence committed. While some have suggested that this could be done by punching a computer, I have always felt that one must look at all the relevant factors of each individual case. I do not think we will ever have judgments by computer. Nor do I think that there will ever be a substitute for the human brain. An American professor, on comparing the human brain to a computer, rather facetiously described the human brain as follows:

> It has several billion circuits; operates for hours on the energy from a single peanut; it is completely mobile; it occupies less than a cubic foot of space, and it is produced by unskilled labour.

It has been found that persons who originally thought a sentence was light have, after examining the full record of a case, reached the conclusion that it was a fit and proper one and, if anything, on the high side. The court has the task of weighing the need to protect the public, the need for specific and general deterrence, and the need for the rehabilitation of the accused. There are certain broad guidelines. For example, with a first offender, rehabilitation will generally be the primary consideration and a custodial term will be avoided if possible.

If the offender has broken into 54 houses in a month at night, as happened in Mississauga, he may face a significant period of incarceration. Crimes of violence, and trafficking in illegal drugs will, apart from exceptional circumstances, call for a custodial sentence, and in the case of drugs such as cocaine or heroin, a lengthy term of imprisonment. The robbery of convenience stores normally calls for a custodial term, which will be much longer if it is well-planned and sophisticated, and is carried out with a loaded gun.

Instances of child abuse extending over many years, and of wife abuse, have been coming to light with greater frequency and the court is alert to the need to deter such conduct. At times the brutality is almost unbelievable. Penitentiary sentences of two years or more have also been given for serious driving offences involving the consumption of alcohol.

I know you will expect me to say a few words about the caseload of our courts and how they are being dealt with. For more than 10 years we have been struggling with the problem and considerable progress has been made. Unfortunately, you usually only hear the bad news and not the good news. Courts have been restructured and caseloads have been moved from one court to another. Three years ago I thought we were getting within reach of a break-even point. Then a year and a half ago along came the Zuber Commission Report with its extensive recommendations for the restructuring of the courts.

Soon the Attorney General will be telling us about his recommendations. The situation can never stand still for very long. The Supreme and District courts have been handling their caseloads pretty well. In the Provincial Courts, where the greatest volume of litigation exists, there have been growing backlogs in some six areas — Peel, York Region, Simcoe, Scarborough, Durham and Ottawa. Growth in population in some areas, and the Charter, have been major contributing factors. After trying for the last three years to plug the dike by moving judges to meet each emergency as it arose, the Chief Provincial Court Judges now consider that the problem can only be solved by the appointment of some 13 new judges. The Government has not been prepared to provide these resources. Some 282 prosecutions were stayed in 1988 because trials could not be provided within a reasonable time under the Charter. In the Court of Appeal, where I spend the major portion of my time, a new ailment has come along which we share with members of the Supreme Court of Canada.

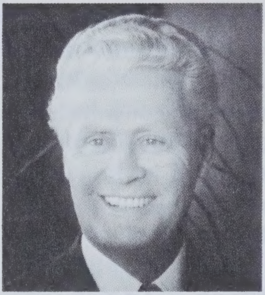
It is called "Charter Stress." Up until 1982, when the Charter came into force, the Court of Appeal operated on a current basis. Since then, the Charter and the growing complexity of litigation has made this impossible. Judgments 100 pages and longer are often the order of the day. The pressure of very long hours of night and weekend work reading the papers before an appeal, and of writing judgments, continues. That pressure cannot be increased and another solution must be found.

Some people tell me that there are not many votes in the justice system — that the public is more concerned about education and health care than law enforcement. I don't expect that any of you has been arrested under the R.I.D.E. Program, or for opening your business on Boxing Day, or otherwise breaking the law. We live in what is generally a very law-abiding community. You can go out walking in the evening in comparative safety and without fear of being assaulted. You do not have to keep a revolver beside your bed, as do many of your neighbours to the South. You do not have to worry about gangs looting your apartment, as seems to be happening in Brazil. However, we must be vigilant. Looting can happen here when a crowd gets out of control, as happened a year ago on New Year's Eve.

I know you are concerned about the potential danger to our young people through the use of dangerous drugs. You expect the forces of law and order to do something about it. Your opinion is very important. You will recall that a few years ago the public became aroused after a shoeshine boy was murdered on Yonge Street. Steps were immediately taken to correct the situation.

I never thought I would have to speak out on the underfunding of the justice system, as it is so basic to the preservation of our way of life, our liberty and the protection of our property. However, I had to do so at the Opening of the Courts last year and again this year. Unless the proper standards for our courts are maintained so that offenders will be brought to justice promptly, disrespect for the administration of justice will inevitably follow. Keep a watchful eye on what is happening and let your views be known if you are disturbed. The standard of justice administered in Ontario is of a high order and is well respected both inside and outside the province. Let us keep it that way.

The appreciation of the meeting was expressed by John A. Campion, lawyer, Trustee of the County of York Law Association, and a Director of the Empire Club of Canada.



January 19, 1989

Maxwell W. Ward
Chairman, Wardair

DEREGULATION AND THE AIRLINE INDUSTRY

Chairman: **A.A. van Straubenzee**
President

Introduction:

I received a call at about 10:15 this morning informing me that there was some very important news that was going to be taking place shortly with regard to our guest of honour, and so I have shortened my introduction so that he will have more time to give his important announcement.

I do, however, want to do him justice and say that it is always a pleasure to have a fellow Edmontonian at the head table. I was in Edmonton at the same time for a while. And he, along with people like Pop Ivy, Jackie Parker and Rollie Miles, was a very famous and well known citizen of that great city.

He was born there and, in 1940, joined the RCAF, served as a commissioned flight instructor at various Canadian bases during the Second World War and, in 1946, organized his own company, Polaris Charter Company, based in Yellowknife. He started with one two-passenger single-engine aircraft. He carried supplies and passengers throughout the sub-Arctic.

In 1953, Wardair was launched into commercial service. Mr. Ward had acquired a single-engine Otter. It appeared on wheels, skiis, or floats and was duly licensed by the Canadian Transport Commission.

The Otter revolutionized bush-air transport, opening up the entire Arctic to Wardair. Wardair expanded steadily. Its fleet of Otters grew;

Beaver aircraft were added. When deHavilland built the Twin Otter and the four-engine Dash 7, Wardair was the first to operate them in Canada.

In 1962 international charter services were launched in Western Canada and the U.K. In 1967 Wardair bought the first Boeing aircraft ever sold in Canada, a Boeing 727. Later two 707s and, of course, 747s came along as quickly as you could say:

> "Big oaks from little acorns grow."

Max Ward has more than a number of honours. In his list of accomplishments, and I won't take the time to mention them all, the fact that he is an Officer of the Order of Canada is an indication of how well regarded he is in all his endeavours.

Wardair is recognized as Canada's largest international chartered aircarrier and the third largest scheduled airline. With much traffic and confusion on our roads these days, there is no less turbulence in the sky, especially around Pearson International Airport.

In May, 1988, this Chief Executive Officer told his shareholders something that was going to be very important. He said that the airline could compete as Canada's third largest airline only if it was to get much bigger. And today we are going to hear about this because rumours, announcements and press releases are rampant.

Wardair has embarked on a massive expansion plan. It has been a scheduled airline for two years. Wardair is Canada's fastest growing airline. Mr. Ward has spent a lot of time in the sky, courting the clouds, but his feet are planted firmly on the ground. We are particularly proud to have him with us on this important, if somewhat bittersweet, day in the history of his company and the airline industry in Canada.

Max Ward:

During my 43 years in the commercial airline business, there have been many changes. I would suggest airline deregulation has effected the largest single change in the industry since the introduction of the jet aircraft into commercial airline service.

The jet airliner gave aircraft the productivity to become a major transportation mode. Airline deregulation has, in turn, expanded the productivity of the aircraft operator.

It was assumed by government and the marketplace that new airline interests would make airline deregulation a success. But, contrary to expectations, it is the incumbent airlines vying for market share that has made airline deregulation a success. Public access to air transport services is what airline deregulation is all about, and no one can deny the public is flying in unprecedented numbers, both in the United States and in Canada. The pundits are further forecasting world airline traffic will double by the turn of the century.

During their deregulation period between 1978 and 1988, the United States market has increased from 240 million trips to 455 million trips completed in 1988. The average ticket price in revenue passenger miles and in inflation adjusted dollars is lower today than it was in 1978. The U.S. airline industry grew from 30 carriers in 1978 to 200 carriers. Now the number of carriers is shrinking fast.

Regardless of the number of carriers serving the U.S. marketplace, eight mega carrier entities carry 95 per cent of U.S. traffic. Canadian scheduled airlines moved an estimated 11.5 million passengers in domestic service in 1988, whereas U.S. airlines moved 245 million domestic passengers during the first eight months of 1988. Compared with our friends to the south, we, in Canada, are pretty small potatoes in the world of airline commerce.

In Canada, two airlines moved 91 per cent of domestic scheduled traffic during 1988. The largest U.S. domestic airline, United Airlines, carried 19 per cent of domestic U.S. traffic measured in revenue passenger miles. American Airlines was next at 18.1 per cent, then Delta at 15.3 per cent and so on.

By comparison, the largest Canadian carrier transported 52 per cent of domestic revenue passenger miles. The fleet size of American Airlines alone is more than twice that of Air Canada, Canadian International and Wardair combined.

U.S. carriers ordered a whopping $36 billion in new aircraft during 1988 while taking delivery of a prodigious number of previously ordered aircraft. Today one is a “Piker” ordering less than 20 aircraft at a time, and orders for 100 aircraft are not uncommon. The rate of expansion of the airline industry at this time boggles the imagination of an old bush pilot.

Wardair raised a lot of eyebrows when, under airline deregulation, we decided to become a scheduled carrier — as seemingly we were successful in the charter airline business, why jump into the scheduled competitive fire? There are sound reasons for this decision. The airline business was quite a different entity when we flew our first charters in 1962. We entered the jet aircraft business in 1966, and the jumbo jet business in 1972.

In 1972, we purchased a new Boeing 747 for $25 million U.S. when the Canadian dollar was nearly at par with the U.S. dollar. A replacement 747-400 today costs $125 million U.S. or five times as much, and you know what the Canadian U.S. dollar differential is.

A new 747 carries a few more passengers, roughly 30, but when the count gets to 456 seats, who needs 30 more seats. The new machine has the same wing, thus does not fly any faster than the 1972 model. In the intervening years between the old and new aircraft, charter fares haven't even doubled, moving from the five cent per revenue seat mile to, *at best*, nine or 9.5 cents today.

In order to survive in the charter airline business, one must be good at buying and selling aircraft to keep ownership costs low. Charter airfares must be less than scheduled airline discount airfares to be competitive. Scheduled airline discount airfares are a byproduct of standard scheduled airfares, thus, can be established to suppress charter airfare levels to, in effect, regulate charter participation in the marketplace. Conversely, charter airfares exert a downward pressure on scheduled discount airfares.

Scheduled economy airfare yields are fundamental to airline operations and a generous sprinkling of economy and business class airfares are essential in the passenger mix for a given flight to be profitable.

Transforming a charter airline into a scheduled airline, both national and international in scope, requires a fundamentally different fleet of aircraft, and a fundamentally different operating philosophy. A carrier with 36 years of commercial airline experience, of which 26 years is in international service, can make that transition, if it has enough money to fund the transition, but Wardair does not.

Acquiring a mix of small, medium and large aircraft, with capacities tailored to meet different route expectations, has become very slow in an aircraft manufacturing industry swamped with orders, and delay eats up money.

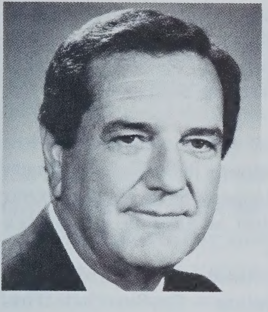
Computer passenger reservations networks are slow to build and are even more expensive than aircraft. Again, time is money.

This is the age of the mega carrier. Airline deregulation has come far too late in the development of the airline industry for entrants to build themselves into airlines of mega carrier status capable of competing in world markets.

Canada, with its relatively small population and relatively small GNP, would be better served with two strong competitive airlines rather than with three carriers inhibiting progress of the Canadian industry as a whole.

Wardair suspended trading of its stock today, as did Canadian Airlines International.

The appreciation of the meeting was expressed by Catherine R. Charlton, President, the Charlton Group, and a past President of the Empire Club.



January 26, 1989

Arden R. Haynes

Chairman, Imperial Oil Ltd.

CANADA AND ITS ENERGY — OPPORTUNITIES WAITING TO HAPPEN

Chairman: **A.A. van Straubenzee**
President

Introduction:

Some of you are old enough to remember a favourite saying we were accustomed to using:

"It must have been the milkman."

He got blamed for missing objects or children that turned out better or worse than their parents. Well, today we have that milkman with us. Thirty-nine years ago today, at 3 a.m., Arden Haynes was driving his old workhorse down a Winnipeg street delivering milk. It was cold and blustery, but he needed the money to put himself through university.

Those old bottles sometimes burst in the cold and many a time we skated on frozen milk on the back porch. I know because I lived in Winnipeg.

So he had to hustle. The odds of that milkman becoming the chairman of IMO were about the same as that old workhorse becoming Northern Dancer, perhaps the greatest Canadian thoroughbred in racing history.

Well, Arden Haynes is the Northern Dancer of our country's senior corporate statesmen. Why is he our corporate super horse? There are many reasons, but today I'm going to give you just a couple.

He started with Imperial in 1951 and he's still there. His curriculum vitae is a dream resume. He's taken the milk run, making many stops at a number of jobs with ever increasing responsibility. But at each stop he was on a rapid transit to the top and now he's Chairman, President and CEO of one of our largest and greatest companies, and has been since 1982. But then, the cream always rises to the top.

Some milkman.

Arden Haynes loves opera; Imperial Oil supports it. But Texaco Canada brings us the Met and the Canadian Opera Company. So he bought Texaco last Friday for $5 billion, the second largest acquisition in Canada's history, during Acquisition Week in Canada.

I haven't time to quote from the February issue of the ROB Magazine, which had an article entitled It's Tougher at the top — The Boss Under Fire. If you haven't read it, it's a must.

He has led the pack in service to his community. Junior Achievement, Alzheimer Society, Ontario Trillium Foundation, Diabetes Canada, The Olympic Trust, and too many more to mention. He is always taking a senior position with such organizations, and all this in addition to his corporate boards. He is also an adviser to the government on a wide variety of important matters.

Quoting Macbeth is in these days so I will use one of Lady Macbeth's famous lines out of context:

> "Thy nature, it is too full
> o' the milk of human kindness."

He has taken the high road and championed the cause of corporate ethical reform. Like Will Rogers said:

> "What this country needs is dirtier fingernails and cleaner minds."

Here's another great quote.

> "The man who just tells everybody what to do, has got to be an Einstein; he's got to be right most of the time, and he's only going to get part of what the employees have to offer. The guy that leads creates an environment where the people themselves determine the best solutions."

It must have been that milkman again.

Arden Haynes:

I understand Max Ward was unable to find a buyer for his company until he was invited to speak to the Empire Club. I've also been told that your invitation to me was what tipped the scales in Imperial's favor during our recent negotiations with Texaco. So I guess it's now clear that if you want to conclude a major business deal in Canada, first you have to get yourself on the Empire Club agenda!

To be serious for a moment, I'm sure some of you would like me to talk at length about our acquisition of Texaco. However, as the proposal remains subject to government approval, it's not appropriate to say very much at this time. We're only over the first hurdle, so to speak, and I'd prefer to wait until the full course has been completed before commenting in detail.

I would like to say, however, that at Imperial we're delighted to have been the successful bidder, and we'll be working very hard to conclude the deal to the satisfaction of *all* interested parties. It will continue to be the goal of employees and sales associates in both organizations to provide Texaco and Imperial customers with the high-quality products and services they have been used to in the past. And our commitment at Imperial extends to the employees of both organizations. In one important respect this is a merger that is different from most. We have undertaken that not a single employee of either Texaco Canada or Imperial Oil will be laid off as a result of this merger.

Now, having said that, let me move on. I believe it was Walter Cronkite who once said it's natural to have butterflies when you speak in public, the trick is to get them to fly in formation. It usually takes me a few minutes to get my butterflies organized in this fashion, so I hope you'll bear with me.

I'm very honoured to have been invited to address the Empire Club. I also appreciate the opportunity to talk about the crude oil and natural gas industry in both a worldwide and a domestic context. It's an important subject, and also a large one, so let me tell you what I'm hoping to achieve today.

Broadly speaking, I hope to raise your comfort level, meaning that of all Canadians, with regard to Canada's oil and gas supply security. Both in terms of present and future supply and in terms of the development of our domestic reserves, with all the economic benefits that flow from major development projects, Canada's future looks extremely bright.

This view is derived from a couple of assumptions about the future — recognizing, of course, that the future has a mind of its own and there's no sure way of predicting its disposition or personality. And recognizing, too, that he who lives by the crystal ball often ends up walking on broken glass.

The first assumption is that, barring some unexpected political or military event causing a physical disruption, available supplies will reach the marketplace. Prices may be higher than today, but supplies will not be withheld. A second assumption is that energy prices will rise but, for reasons I'll get into, at a moderate rate rather than in any series of severe price shocks. And the third assumption is that as prices rise, Canada's abundant oil and gas resources — which for the most part require somewhat higher prices than those that have prevailed in recent years — will be permitted by public policy to be developed as they become economic. As and when that happens, as a nation we will begin to reap the full value of our enviable resource base, further enhancing our long-term economic prosperity.

That, in a nutshell, is my message to you today. I also hope, along the way, to put to rest some of the misconceptions that seem to abound in energy-related discussions in this country. Frankly, I can think of few issues on which so much misinformation is handed out to the public — sometimes innocently as a result of lack of knowledge, but at other times, I believe, by self-serving opportunists with political or ideological axes to grind. As Churchill might have said: "Never have so many been misled by so few."

The problem, of course, is that energy issues are extremely complex. Trying to understand the energy scene, as George Bernard Shaw once said in another context, is like trying to read an airmail letter in a high wind. And trying to *explain* energy issues is even harder. They simply don't lend themselves to the kind of 10-second explanations many people seem to want, especially on the 6 p.m. news.

Any time I hear someone try to sum up the energy scene in a "sound bite," I'm reminded of what Woody Allen said after he'd taken a speed-reading course and finished War and Peace in 10 minutes. When someone asked him what it was about, he replied: “It’s about Russia.”

Yet it’s the very complexity of energy issues that helps those with an axe to grind to mislead people. They take a single issue or some aspect of it, reduce the complexity to a kind of simplified, bedrock logic, and make a convincing case without regard for the facts.

Today, then, I hope to lay out some of the “real facts” about the world and the Canadian energy situation — focussing, for obvious reasons, and also because of time limitations, on oil and natural gas. I’ll talk about crude oil first, because the natural gas situation is quite different.

In considering the global crude-oil situation, the most critical fact to bear in mind is that since about 1980 the Western World — meaning specifically the non-OPEC oil-producing countries excluding Communist-bloc producers — has not been replacing its reserves of conventional crude oil. While there is currently a significant “overhang” of non-OPEC oil-production capacity, it is a situation that probably won’t be sustained for much longer.

Oil is a non-renewable resource. To turn a popular phrase upside down: when you use it, you lose it. And since 1980, non-OPEC countries have produced and consumed more oil than they’ve discovered. This is in spite of the fact that free-world demand for oil declined steeply after the sudden price rises in 1979 and is only now returning to 1980 levels.

Most of the major non-OPEC producing regions have passed their peaks of productivity, which is reached at the halfway point of an oilfield’s so-called “reserve life.” That applies to the major conventional fields in Canada and the United States, including the Alaskan North Slope. It also applies to the United Kingdom’s North Sea fields, although not to Norway’s.

Of course new discoveries are being made and some new fields brought into production. But really huge discoveries — of a scale that could affect world supply-demand balances — are not being made outside of the Middle East.

As a result, barring unexpected major new discoveries, total non-OPEC conventional production will likely not increase significantly, and will almost certainly decline over the longer term. At the same time, Free-World demand for oil is expected to increase with general economic growth and especially growth in the developing countries.

The outlook, therefore, is for the gap between world oil supply and demand to narrow, and come into close balance within the next decade.

The importance of this perspective is that it helps focus on who does have the reserves of low-cost conventional oil. And the answer to that, of course, is OPEC. In all likelihood, additional supplies will be in the hands of the major OPEC producers, primarily in the Middle East. As a result, over time OPEC will increasingly regain the ability to control prices by managing production from its members.

In recent years, faced with an overhang of supply and strong competition from non-member producers, it's been difficult for OPEC members to agree on production quotas, or to make any agreement stick for very long. In fact, at times the words "OPEC agreement" have seemed like a contradiction in terms — like "military intelligence" or, as someone remarked the other day, "Maple Leaf hockey."

Those days are passing. As production from its competitors fails to keep pace with rising demand, the pressure on OPEC and its member countries should ease. OPEC will once again "have the hammer," as we would say in curling. The world price of crude oil should stabilize, and then rise.

That does not mean, I don't think, that OPEC will start wielding that hammer as a blunt instrument, hitting its customers over the head with sudden and dramatic price increases such as we have seen in the past.

It was precisely the 1979 price shock that created the conditions that OPEC has been trying to cope with in recent years. The world responded by sharply decreasing demand for oil through intensified conservation and substitution. At the same time, non-OPEC countries stepped-up their exploration programs and moved to develop their higher-priced reserves.

OPEC is unlikely to give such impetus to the competition again. There is, after all, still lots of oil in the world — including a lot in Canada — just waiting for higher prices to spur development. So future price increases are likely to be measured, moderate and more responsive to market conditions.

How high will the price rise, and by what time? Well, Canada's National Energy Board projects that, given strong world economic growth, the price could reach $30 U.S. a barrel, in 1987 dollars, by the year 2000. That's only 11 years away! In their lower-growth case the price reaches $20 U.S. a barrel, again in 1987 dollars, shortly after the turn of the century. At Imperial Oil we're a little more bullish than the NEB.

This prospect of a rising oil price has major implications for Canada, but I'll get to them in a moment. First let me talk about the global situation in natural gas which is, as I said earlier, quite different from the crude oil situation.

There is a significant surplus of natural gas in the Western World. Most of it, however, is located a long way from the markets that need it — often with an ocean in between. And unlike crude oil, natural gas is not easily transported over long distances or across oceans. It can be compressed and liquefied for transportation, but this greatly increases the cost. So liquefied natural gas must take its place in the hierarchy of potential energy sources, waiting for a price environment in which it can be competitive.

It's obvious, therefore, that those who can produce natural gas close to the major markets, or at least transportable to them by pipeline, enjoy a significant advantage over those who can't.

That, too, has major implications for Canada — so let's turn now to the Canadian and North American scene.

The United States currently imports about 40 per cent of its total oil requirement. Demand is growing quite strongly — last year it increased by about two per cent. As I mentioned earlier, production of U.S. conventional oil, including Alaskan reserves, is in decline. So the U.S. is faced with becoming increasingly dependent on crude oil imports.

The U.S. natural gas situation is a little more complex. For some years now, domestic supply has exceeded demand, resulting in the so-called "U.S. gas bubble." That bubble now appears to be shrinking, and the U.S. will likely become increasingly dependent on Canada and Mexico for supplies. U.S. imports of Canadian natural gas actually increased by about 30 per cent in 1988, and may grow by another 10 per cent in 1989.

Canada, of course, is extraordinarily blessed in the energy sphere. In this respect as in many others, we're the envy of most other nations.

Our country is a vast storehouse of energy resources — crude oil, natural gas, coal, uranium, and water. We lead the world in many energy-related technologies, especially oil-sands recovery and both nuclear and hydroelectric power generation. And we have a solid core of people capable of designing, building and managing world-scale energy projects.

We are also, at the present time, net exporters of all forms of energy. I say a net exporter because in some cases imports to one region — for example, crude oil to Eastern Canada and coal to Ontario — are outweighed by exports from another.

On the crude oil side, while production of conventional oil from Western Canada is generally flat to declining, new areas are coming into play or at least waiting in the wings — such as the Hibernia field off the East Coast, and the Beaufort Sea Mackenzie Delta region of the Western Arctic.

Our real crude-oil ace in the hole, however, is the oil sands. I'm sure few Canadians realize just how big our oil-sands deposits are. They underlie nearly 50,000 square kilometres of territory, an area larger than the province of New Brunswick. With more than a trillion and a half barrels of oil in place, they constitute one of the three truly enormous deposits of crude oil in the world, the others being in the Middle East and in

Venezuela, also in the form of oil sands.

Even if one assumes that only 10 per cent of this oil will be recoverable, that would still be a huge addition to our reserves. Even *one* per cent is considerably more than all of the conventional oil remaining in Canada.

The problem is that the oil sands, as well as our frontier reserves of conventional oil, are and will be very expensive to develop and produce. For example, the average cost of producing a barrel of light crude in, say, Saudi Arabia, is less than $5 U.S. The cost of producing a barrel of light synthetic crude at Syncrude is around $15 U.S. Conventional oil from our frontiers will also require prices somewhat higher than the current level to be economic.

The future, however, is on Canada's side. As I've pointed out, the expectation is for prices to rise over the next decade. And as the price rises, our higher-priced oil will become increasingly more economic to produce. We're also fortunate that our frontier oil and even the oil sands do not require prices as high as the oil-shale occurring in South America and the United States, or oil that may be derived from coal.

Now, some people have argued that Canada should develop its higher-priced oil prematurely, through government subsidies, in the name of security of supply. I have argued that this would be particularly inappropriate, given the long-term potential and the likely evolution of world supply, demand and price.

In my view, security of supply is not the issue. Oil is in plentiful supply in the world — at higher prices, mind you, but even so, barring some physical disruption it's difficult to imagine any nation not having access to available supplies.

What is important is for Canada to develop its resources in an orderly fashion, on a project by project basis just as soon as the economics fall into place. In this way we can realize the full value of the resources. And we can also ensure that the wealth creation that comes from energy development, in terms of jobs and the stimulation of industrial activity throughout our economy, benefits all Canadians.

I'll return to this point in a moment, but first let me comment briefly on natural gas, another jewel in Canada's energy crown.

Current reserves of natural gas in Western Canada — where there is also potential for significant new gas discoveries — will satisfy both Canadian and a growing portion of U.S. demand for years to come. As a matter of fact, Canada's gas exports to some parts of the U.S. today are limited only by pipeline capacity, and projects are underway to increase that capacity by about 25 per cent within two years, with further increases planned.

Add to this the potential for significant new gas production from the frontiers, and you have a very encouraging outlook, indeed, for Canada's natural gas industry. It's a case of having abundant supplies coupled with direct access to the biggest and hungriest market in the world.

Now, from what I've said so far, let me try to make what is perhaps the most important point of my remarks to you today — one that many people in Canada don't understand, and that some people who should understand it choose to ignore.

This is that energy resources, especially crude oil, are *international* commodities. While oil is found in many parts of the world, it is easily transportable and actively traded everywhere. It is the world's most heavily traded commodity, and accounts for a large proportion of total international trade.

It is also internationally *priced*. This means that every barrel of crude, depending on its quality and after adjusting for transportation costs, has at any point in time the same value as every other barrel of oil, no matter where it's produced.

For this reason, attempts to set *national* energy policies that try to isolate one country's crude oil from world market forces, usually by trying to dictate a domestic oil price higher or lower than the world price, are doomed to failure. There is always a price to be paid, an economic cost to be borne relative to the rest of the world.

An artificially *low* price prevents domestic producers, as well as producing regions, governments, and the country as a whole, from realizing the true value of the resource. It also discourages the investment needed to discover new reserves or undertake major development projects. An artificially *high* price similarly penalizes your own economy. It simply makes no sense to produce any commodity at a higher price than you can buy it for.

For these reasons, it's tremendously important for Canada that future governments continue the present public policy stance of viewing Canada's energy in a world-market context.

For a few years in the recent past, Canada's national energy policies were formulated in pursuit of non-energy-related objectives, some of them purely political objectives, in the mistaken belief that Canada's energy resources, and its oil industry in particular, could be isolated from the world. These policies wrought severe damage on the industry and, indeed, on Canada's economy.

That the present federal government has effectively reversed this policy approach is considerably to its credit. My strongest hope is that future federal governments, along with those of the producing provinces, will not turn the tables over again.

If Canada's high-cost energy resources are to be developed — with all the wealth-creation that implies — we must have stable energy policies that are responsive to international market forces, along with a fiscal regime that will keep Canadian producers internationally competitive. Only in such a policy environment can we hope to compete in world capital markets for the levels of investment we will need.

And in this respect, the recent adoption of the Free Trade Agreement with the United States was a significant step in the right direction. I believe it will, in the long run, considerably enhance Canada's energy security.

At the very least, the agreement promotes greater confidence between buyers and sellers in both countries that long-term trading relationships will not be disrupted. And since we are the sellers and they the buyers, the agreement provides Canada with more secure access to markets and customers for our exportable energy resources.

This, in turn, should reduce the risks of proceeding with major energy development projects in Canada. Anything that increases investor confidence in the viability of such projects must work to the benefit of the industry and the country.

Now of course, that is not the view that some people have of free trade. Opponents of the agreement have raised a variety of energy-related concerns, but the two most frequently raised are 1: Canada has surrendered its sovereign ability to establish its own energy policies; 2: the agreement threatens Canada's energy security by guaranteeing to supply oil, in the event of a general supply disruption, to the U.S. at the expense of Canadians.

These arguments have no basis in fact. First, governments in Canada fully retain their existing powers to create energy policy, including incentives for regional development or even for individual projects. Nor does the agreement alter the distribution of powers between the federal and provincial governments with regard to natural resource ownership or management.

The argument that free trade imperils Canada's energy security in the event of a supply shortage ignores the fact that Canada is a signatory to the International Energy Agreement. This agreement, entered into by the government of Canada in 1974, requires both us and the U.S. to share oil production with other signatories in the event of a major disruption.

That is not to say the International Energy Agreement is a perfect arrangement. It may not be. But the wisdom of being party to some form of international oil-sharing agreement is very clear.

As was demonstrated during the 1979 Iranian oil crisis, no nation can husband its oil supplies while friends and allies run short. Our economies are simply too closely linked, and in too many ways. An event that dramatically impacts the economies of our trading partners must reverberate through our own economy. Only through a sharing arrangement such as this agreement provides can we safeguard our collective security in a supply crisis.

However, even if you overlook the International Energy Agreement, there is nothing in the Free Trade Agreement to prevent our governments from managing supplies of oil or gas for any purpose, including conservation, the creation of a strategic reserve, or to deal with any emergency disruption.

What the agreement specifies is that if the government *does* restrict supplies, existing U.S. customers must be given the opportunity to purchase — at prices freely negotiated between buyers and sellers — the same proportion of the oil and gas that they have purchased, on average, over the preceding three years.

This means nothing more than that customers who have entered into contracts with us in good faith will be treated fairly. They will be given the opportunity to rearrange their sources of supply if and when our government decides to restrict production.

Overall, as I said earlier, I believe free trade will, on balance, benefit Canada's energy industries and enhance our long-term energy security. It will strengthen market relationships. It will encourage exploration as well as investment in major development projects. And it will give a strong boost to energy-related industries such as the Canadian petrochemical industry, which should benefit substantially from free access to U.S. markets. In short I believe it's the right course for Canada, and I believe it's a course worth staying.

Let me summarize and conclude these remarks, then, by sounding a few optimistic notes.

Canada's very abundant energy resources are "wealth in the bank" for our nation and our people. Whether we can realize the dream of every Toronto homeowner and convert our potential wealth into real wealth, the kind you can buy stuff with, depends on two things.

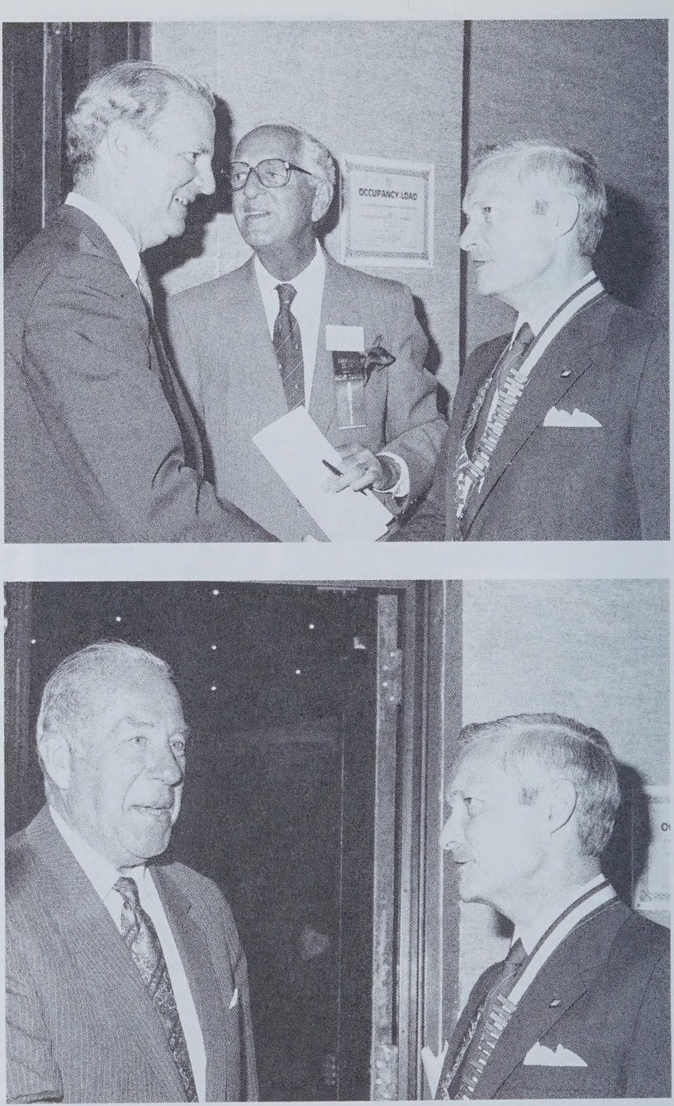
The first necessary factor is a world crude oil price that rises to the point where development of our higher-priced reserves becomes economic. While higher energy prices impact on every *consuming* country equally, any country that also *produces* energy gains a tremendous economic advantage, both from the selling of energy to other consuming countries, and from the wealth generated by its development.

The second necessity is a favorable and *stable* public policy and fiscal environment for the industry. One in which we can assemble the capital, marshall the technology and retain the people to complete development projects that will be among the most challenging ever undertaken anywhere in the world.

Right now, I believe the chances of those two conditions falling into place are very good. Canada's energy ducks, if not my own butterflies, are beginning to fly in formation.

The appreciation of the meeting was expressed by Montague Larkin, stockbroker, Director of the Toronto Arts Council, and a Director of the Empire Club of Canada.

Tony van Straubenzee, Ronald Reagan, President of the United States and Mrs. Nancy Reagan



The Club President greets a) the Hon James A. Baker III (the late "Bud" Hoffman in the background) and b) the Hon. George P. Schultz at the Reagan dinner.

Peter Mansbridge, Television Journalist, CBC National, Mary Byers, Club Director, and Mary van Straubenzee, wife of the President

THE EMPIRE CLUB OF CANADA

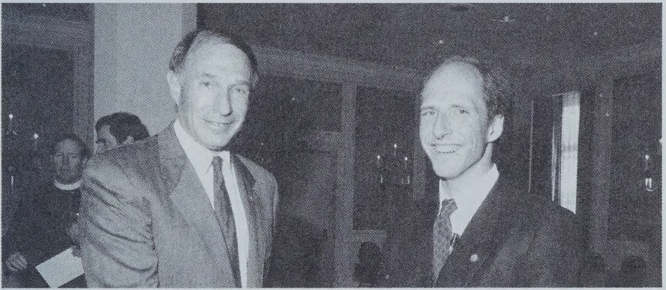
Prime Minister Brian Mulroney

Karoly Grosz, Prime Minister of Hungary and Gloria Gerlosy-Boyd, member of the Empire Club and a Hungarian

William Whiteacre, Second Vice-President of the Empire Club of Canada, the Rev. Charles Plaskett, retired Minister of the United Church of Canada, Eva Burrows, International Leader of the Salvation Army and the Rev. Duncan Abraham, Anglican Dean of Toronto and rector of St. James Cathedral

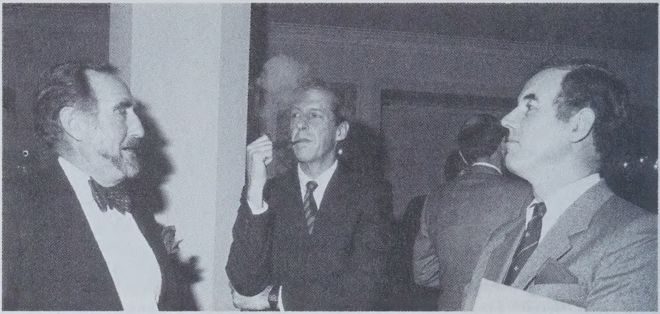
Esther Harshaw, Toronto School Trustee, Anna van Straubenzee. of van Straubenzee Consulting and her father.

The late "Bud" Hoffman, Club Director, greeting Lester Korn, former U.S. Ambassador, United Nations Economic and Social Council



George Cohon, President of McDonalds of Canada Ltd and Richard Weber, Adventurer

MGen Reginald Lewis, Past President of the Club, General Paul Manson, Chief of the Defence Staff, Department of National Defence, MGen Bruce Legge, Past President of the Club and Club President, Tony van Straubenzee



Montague Larkin, Club Director, Michael Cornelissen, President and CEO, Royal Trustco, Ronald Goodall, Past President of the Club

David Johnston, Principal and Vice-Chancellor, McGill University, Michael Meighen, Third Vice-President of the Club and John Campion, Club Director

David Suzuki, Scientist and Broadcaster and Angus Scott, Club Director

Mary van Straubenzee, the Rev. Harold Roberts, Honorary Associate Chaplain and the Hon. Lincoln Alexander, Lieutenant Governor of Ontario

Alan Eagleson, sports enthusiast and lawyer, Ron Ellis, former captain Toronto Maple Leafs, Bill Stevenson, CFRB Sportscaster, Jim Proudfoot, sports columnist, The Toronto Star

John Jennings, National President Elect of the Canadian Bar Association, the Hon. William Howland, Chief Justice of the Supreme Court of Ontario, Margaret Scrivener, Club Director

Maxwell Ward, Chairman, Wardair, meets the Press

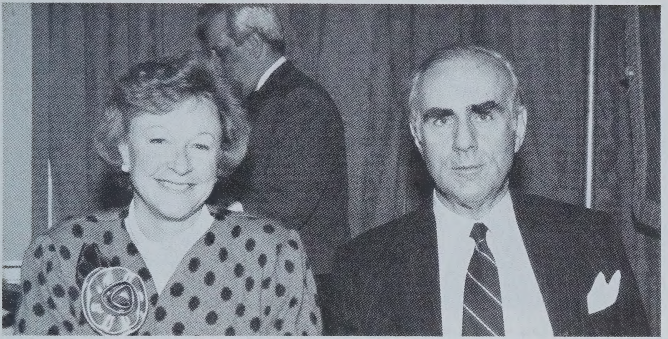
The Hon. Pauline McGibbon, former Lieutenant Governor of Ontario and Arden Haynes, Chairman Imperial Oil Limited

Club Director, Eric Jackman, thanks Hagood Hardy

Tarun Stewart, Upper Canada College, Conrad Black, Chairman and Chief Executive Officer, Argus Corporation Limited, Daniel Hill, Harbord Collegiate, Cynthia Godsoe, Bishop Strachan School, Jane Park, Martin Grove Collegiate

Robert Brooks, Club Director and Lynda Palazzi, Regional Superintendent of Program, Peel Board of Education

Garth Drabinsky, Chairman and Chief Executive Officer, Cineplex Odeon Corporation and Moshe Safdie, Architect and Urban Designer



Margo Bindhardt, President of the Art Gallery of Ontario and Chairman, President's Council, the Canadian Opera Company with Henry (Hal) Jackman, President of the Ballet Opera House and a Past President of the Club

William Thorsell, Editor in Chief, The Globe and Mail and Roy Megarry, Publisher, The Globe and Mail

Lisa Rodger, law student and Dr. Robert Prichard, Dean of Law, University of Toronto

John Cleghorn, President, The Royal Bank of Canada and Robert MacIntosh, President, The Canadian Bankers' Association

The Hon. Mr. Justice John Morden, Supreme Court of Ontario and Dr. George E. Connell, President, University of Toronto

Blake Goldring, Club Director and Dr. Kenneth Hare, Chancellor, Trent University.

Larry Stout and the Hon, Barnett Danson, Club Directors, John Zeigler Jr., President, the National Hockey League, Hap Day, former coach, Toronto Maple Leafs

Bill Stevenson, Sportscaster, CFRB, George Grosman, Sports Columnist, The Toronto Sun, Don Williamson, Sportscaster, CBC, Paul Henderson, Businessman and Sportsman

MGen Bruce Legge, Past President, the Hon. R. Roy McMurtry, former Canadian High Commissioner to Great Britain, the Hon. Barbara McDougall, Minister of Employment and Immigration, Tony van Straubenzee, Club President.

The Hon. David Peterson, Premier of Ontario, The Hon. Barnett Danson, Club Director

Mrs. Lincoln Alexander, the Hon. Lincoln Alexander, Lieutenant Governor of Ontario, Audrey Hepburn and Maureen Sabia, Club Director at The Foundation's fund-raising dinner.

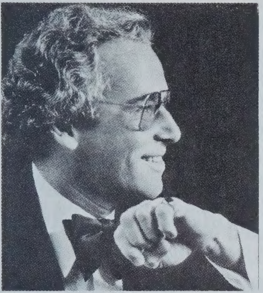
Norman Jewison, Director, Founder and Co-Chairman of the Canadian Centre for Advanced Film Studies with Audrey Hepburn

A gracious lady receives a standing ovation from Empire Club members

Diana Chant, Club Treasurer and William Whiteacre Second Vice-President of the Empire Club of Canada

Michael Meighen, Third Vice-President, the Hon Mr. Justice Joseph Potts and Nona Macdonald, Past Presidents, peruse the chain of office worn by President, Tony van Straubenzee

Anne Lato, Club Administrator and Lincoln Alexander, Lieutenant Governor of Ontario



February 2, 1989

Hagood Hardy
Composer and Musician

REFLECTIONS OF AN INTERNATIONAL MUSICIAN

Chairman: **A.A. van Straubenzee**
President

Introduction:

For many of us, today is a **Homecoming.**

There is a very famous motto in Latin with which many of you are familiar. It is Beati Mundo Corde, which translated means, Blessed Are The Pure In Heart. Hagood Hardy, when he arrived at Trinity College School at a young age was not a Latin scholar and he thought the motto was Blessed Are The Pure In Art and so for all his life he has lived up to that motto.

It was obvious to all of us at TCS in the 1950s when we first heard him playing his vibraphone, that he was indeed a gifted student. He was gifted academically as well because they put him in form 4A. There were several classes in the 4th form — one was form A for gifted students as we would say today; form 4B was for average students; form 4B2 was for sub-par people; and form 4BX was really a fix-it shop for difficult children. I was in form 4BX.

What was so extraordinary was the tremendous influence that Hagood had on the entire 300 boys at the school (which was famous then and continues to be one of the outstanding institutions of its kind in this country). Sunday nights prior to his arrival tended to be dull. If we were lucky, we might have seen a movie or had a pep rally or put on skits. But after Hagood arrived we had jam sessions. Suddenly people with little or no talent came out of the woodwork and showed an interest in music. I was one of them. Mac Campbell, Richard Seagram, Eddie Long and myself actually started up a quartet. We thought we were pretty good. Our theme song was *I Talk To The Trees*. It wasn't until one of the parents got so sick of listening to us that he took us to a recording studio, recorded *I Talk To The Trees* and after we heard it, we never sang it again. But our appreciation of music developed from Hagood Hardy.

Hagood went on to study Political Science and Economics at the U. of T. and performed in local jazz clubs and on CBC TV and he formed his own group for the years 1957 to 1961. He completed his B.A. in 1958.
The rest is history.

In 1961 Hagood went to the U.S. working with Gigi Gryce, Herbie Mann, Martin Denny and his favourite, George Shearing, who had a great influence on Hagood's career.

Hagood returned to Toronto in the late 60s and formed his own group known as The Montage, a pop group with jazz and Latin American leanings. After the group broke up in the 70s Hagood concentrated on the composition and recording of music for jingles, TV, radio and films.

His big break came in 1972 when through his commercial company — Hardy Productions — he received a contract to develop a television commercial sound track for Salada Tea. The result of that work was The Homecoming which we have all enjoyed and which became an international hit.

Juno awards; Genie award nominations; gold recordings; film scoring for TV and features films such as Anne of Green Gables; Second Wind; Gemini awards. All arrived at his door.

A critic in the Winnipeg Free Press described Hardy's music as "soft and shimmering as silk." A Halifax critic put it especially well when she said: "Much of Hardy's music is like shuffling through leaves on a wet November day — hands dug deep into the pockets, eyes dreamy and a mind full of teasing nostalgic thoughts."

Hagood Hardy is married to Martha. They have four children and are now grandparents. He finds a little bit of time to ski and golf and loves spending time in the country. But getting back to my silly reference to his misunderstanding of the motto of the school — he is, in fact, pure in heart as well as pure in art. He has set an example for fellow musicians and composers and thousands of young people in the way that he and Martha have conducted their lives. They have been unfailingly selfless and have contributed much to other people. They have understood the word *service* to their community and to the world through such organizations as UNICEF of which Hagood is an Honorary Patron.

TCS is proud of him, Toronto is proud of him, Canada is proud of him, and the entire musical community around the world is proud of him. It is a great honour to have him at the Empire Club.

Hagood Hardy:

It's a real pleasure to be here this afternoon. And I'm still rather amazed that you're here to hear me talk. This will prove to you irrevocably that there's no such thing as a free lunch!

The subject matter of my speech this afternoon has been creating quite a stir recently — of course only among my immediate family who are here today trembling in their seats. I've been feeling pretty good about it but I must say that my old friend Eric Jackman cast quite a pall on my spirits by suggesting that a piano be handy just in case I need a quick escape.

So when I finally got down to some heavy consideration of a topic I regretfully put aside my desire to comment on the pros and cons of Nuclear Fission, or my in-depth study of the Tongan Islands and even my critique of Toronto's critics — after all why should I give them any press! Instead I thought perhaps it might be interesting to talk a little about what I do. I'm not saying that I fully understand it myself but maybe by talking about it some of the haze may clear.

At times it can be rather an emotional merry-go-round, growing up in the "straight" world — quotation marks mine — and opting for a decidedly different life. And there was a time when — in order to learn how to play — that lifestyle was different to an extreme. But now . . .? I have all the trappings of a modern day businessman. Office in the annex that I try to avoid. Fax machine. Tax audits. (Only my closest, most intimate friends and family members know that my briefcase is full of Black & Decker's finest). Everything that I've avoided all my life. Even today when I have to pay my weekly or bi-weekly visit, Martha explains to my important phone calls that I'm downtown "playing" office.

So every once in a while I'll sneak away under cover of darkness and revel in the throes of an underground jazz club, or an occasional road trip. Road trips are much like I imagine joining the army would be. Especially if you're in business for yourself. It's like playing hooky. No phones, no demands except those of that night's performance. All you have to do is concentrate on the job at hand. Sheer luxury.

Actually on a day-to-day basis, I lead a rather normal business existence. Most of my telephone calls come between 10 a.m. and 6 p.m. Most of my composing is done in normal hours except for the odd emergency. As far as self motivation is concerned — I'm not. I know it's a common idea that for one to be successful in business for oneself one must be self-motivated. I'm strictly deadline oriented. If there isn't one provided for me, I provide it myself by hiring a studio, a bunch of musicians — even a client if one isn't immediately forthcoming. The mere thought of all that cash going down the tubes is certainly enough to stir my creative juices.

So when I gave some thought to what I might have to say today, I compared our lifestyles and arrived at some points of similarity which I'm sure will surprise many of you — and some of the more interesting differences — which always surprise me. I guess you might say that I was raised in a rather solid manner with traditional values. We lived in the earlier years with my grandfather who was Judge of the County Court in Brantford. Little did he know that a big old upright piano in his parlour was sowing the seeds of doom in his grandson. We moved to Oakville when I was seven and it was here that the die was finally cast when I discovered the magic of Joe Rico's Jump for Joe radio show on WHLD Niagara Falls. My parents should have seen that something was amiss, because instead of a flashlight and comics, I'd smuggle a radio to bed. Of course I was all keen on hockey and baseball but the difference was music.

And that difference is probably the thing that caused my father to suffer severe agonies and trauma attacks but, thankfully, caused my mother's eyes to light up. My mother is still her loyal and optimistic self. My father died several years ago at a ripe age, probably still convinced that this musical life would lead to a den of thieves, drug addicts, alcoholics and practitioners of every other crime imagined or yet to be imagined. It seems, however, to have led to the Empire Club!

Surprise, surprise!

Certainly back in the late 50s and early 60s — the days of 11:30 bar closings and dark Sundays — the belief was that anyone who had any dealings of any kind after 6 p.m. was up to no good. In those days we didn't have the sophisticated music programs of today's high schools and Community Colleges. What we did have was the fun and surreptitious danger of hanging out in the Big City in the post midnight hours trying to learn how to play.

My heroes were the visiting jazz men, principally at the Colonial or Town Tavern. Up on Gerrard Street, just west of Bay, there was a real den of iniquity called the House of Fungus — appropriately I might add — where all these visiting gods used to come and session after the gig! To get in, all you had to do was show up with an instrument. Nothing started till 2 a.m. Of course if you couldn't hold your own there were ways of freezing you out. One fellow in particular didn't know when to stop playing so when he began to solo we'd all leave. It was a dirty job but somebody had to do it. It took some time though. For a while he'd still be playing away by himself when we got back. All this time I was living up at Trinity College getting an education. Needless to say the one I got was not on their curriculum.

The average Canadian dream still seems to be to play hockey at Maple Leaf Gardens or a contemporary counterpart. My idea of heaven was playing the occasional off-week for Sammy Berger at the Town Tavern and weekends after hours at the House of Hambourg back of the Holt Renfrew parking lot up on Bloor Street. Of course anyone who had any of Ruth Hambourg's week-old leftover lasagna might take issue with my concept of heaven but as far as I was concerned that was it. One summer they gave me their attic room so I could be "on the scene" as Clem would say. The only way in, was up a rickety old fire escape and since it was right at the roof, you couldn't stand up. But it was a grand room with a lot of history. Guitarist Ed Bickert had been a previous tenant as had artist Denny Burton. Clem and Ruth were truly patrons of the arts.

Infrequently I am asked by friends to speak to their kids about music. I always make sure that they understand that I can't bring myself to discourage their interest, but perhaps suggest ways of proceeding that would at the same time satisfy their parents' concerns. Because a lot of those concerns are sincere and deep seated. How secure can you be? What happens if you fail? Is there a pension plan? I think that today, in light of recent developments, these questions are better directed at the business world. There's no doubt about it that the business section makes sports and entertainment look dull by comparison.

I must be honest. There have been times that I've thought about trying something else. Mid-life crisis is an on-going thing it seems. I guess it's out of curiosity as much as anything else. But somewhere along in my search for the real me, I'll do something like refer to an interview as an "audition" and I realize that I'm pretty much where I should be. Besides where else could I find as much time to play golf? The most important questions, and sadly the ones that are invariably missing, are the ones concerning dedication, determination, happiness — granted they may not pay the bills but they sure make starving a lot more bearable!

There are several other important things for kids and their parents to remember. One is the misconception that the magical word "talent" is all decisive. The actual formula, if there is such a thing, for — I won't say success; lets say achievement — places the highest priority on dedication and determination, which in turn fuels the second most important element — discipline. Talent is the difference between Heifitz and 100,000 other highly accomplished violinists who are extremely happy and successful. You must remember that the satisfaction is in the music itself — not necessarily in who gets the best chair in the orchestra.

There's no doubt about it that the work put into gaining a semblance of success in this type of life would probably earn a lot more favourable dividends in another profession. You might say that its the price you pay. Hey — do you suppose that's tax deductible!

I always get a kick out of how some of my oldest friends sort of edge up to me at the odd cocktail party and try desperately to find out what — and indeed how — I'm doing these days. Never was the gap so apparent. Of course what they're most afraid of is that I'll be currently unemployed — a rather common state of affairs when you specialize in commissioned works and concerts. Of course we never say unemployed — rather it's "between engagements." But still, an astute mind understands those semantics. However, we've now put our friend in an embarrassing position. Much like telling him that the wife he'd asked after is now living in a commune in Latvia or something.

When Martha and I returned to Toronto occasionally from our seven year sojourn in the United States we'd often be asked to cocktail parties to see old friends and acquaintances. Before we got to each one we'd make up a fantastic new schedule for ourselves. Something like — just finished a four-week concert tour of the Maldives and passing through on our way to a recording session with the King of Siam. Of course we were always protected by the age-old truism that nobody pays any attention at cocktail parties anyway! But it was fun.

So as a hedge to any future embarrassing situation, I'd like to talk for a closing few minutes about what's happening right now — and which is, fortunately for me, the most exciting. If I was put on the spot and asked to name the one sure common denominator for all kinds of endeavour, I think it would have to be a passion for what you're doing. And it doesn't matter what it is that you do. Without that passion life just doesn't seem quite as full. As there are so many different avenues to follow in my field, I've had to do some soul-searching about that very question, and without a doubt the areas that give me the most pleasure are film scoring and concerts. Only yesterday we completed the dramatic score (please don't ever say "background music" to my wife — she can be very dangerous, but fortunately it's in my behalf) for the upcoming mini-series on the Harry Oakes murder case — Passion and Paradise. You'll be able to see the finished result on Feb 19th and 21st but I can assure you it was a pleasure to be involved.

Many people have a real interest in film-scoring. I get many sophisticated questions from often unlikely sources. Such as WHEN in the process are you involved? HOW is it done? Do you see the picture in ROUGH stages or FINISHED etc., etc? Most people need to be reminded that a film is an AUDIO-VISUAL event. The structure of the sound track should provide the AURAL counterpart to what's being seen on the screen. Often I wish I could get the film makers and critics to express the same concern for this fact as do many of my friends outside the business. It's such a fascinating subject that I've outlined what was to have been a two-hour lecture. It's now become a six-week course so any of you with questions — pack a lunch.

I wish that every school kid — no, I think I should add every member of the government — could have the opportunity to travel in and see all the areas of this country that I have with my group during the last four years.

We've played in over 200 different locales. Usually I call them major metropolitan areas. It always gets a reaction when I'm speaking of Saskatchewan! The vastness and beauty of the country and the gentleness and sensitivity of the people are overwhelming.

We've played concerts from St. John's to Labrador City, from Glace Bay to Yarmouth, New Brunswick, PEI, Quebec City and Montreal, all through Ontario — as a matter of fact we're in Perth tomorrow night — anyone here from Perth? From Thompson to Holland in Manitoba, 32 major metropolitan areas in Saskatchewan. All through Alberta and from Prince Rupert through 23 centres to Trail in B.C. Now the reason I've rhymed all this off is because you can't help but get a fairly good perspective on the arts in this country from that kind of travel.

The most important thing for the Government to remember in its policy toward the Arts — especially in light of free trade

— is that the biggest impact they can have is in two major areas. That of nourishing and enriching the atmosphere and environment for artistic growth and development, and assisting in the distribution and exhibition of artistic work. After all, the work of an artist is a reflection of who he is — which of course is strongly tied to his or her environment. Government involvement should be geared to ensuring that that environment is conducive to the nourishment of young artistic talent. The dissemination and distribution of works of art whether film, music, fine art, literature, sculpture, theatre, dance — all areas of artistic endeavour — is a prime candidate for governmental assistance.

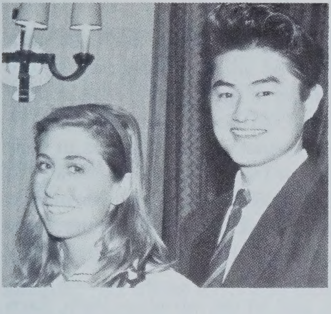
In past years we have depended — not too successfully I might add — on the distribution networks owned or funded by American interests. Now that free trade is being implemented, it is likely that the need for their local manufacturing and distribution outlets will disappear — those functions to be serviced from the U.S. That gap must somehow be filled. The worst possible thing that could happen to me as a musical communicator, would be to be cut off from my audience.

I welcome free trade. I welcome the cutting of the umbilical that will I'm sure lead to an increased self-awareness and a global outlook in the Arts community. But it is mandatory that government redirect its largesse to the areas that are in the most need.

In recent years we've seen an overabundance of Royal Commissions, standing Committees, ad hoc committees and every other imaginable type of committee all purporting to deal with the establishment of a truly Canadian culture. How like us to feel that all we have to do is set up a committee. I'm afraid, like the couple who try and try to get pregnant, the more we talk about it the less chance of it happening. This is why I feel so strongly that the government should play the role of the good farmer. Prepare the fields, sow the seeds and let nature take its course.

As far as creating a forum for the exhibition of the work of our artists is concerned, I think that the most effective way of stimulating interest is through a system of tax incentives for the exhibitors — be they radio stations, galleries, record stores, book stores, movie theatres, playhouses, concert halls — that is proportionate to their support of Canadian art and culture. Now if anyone would like to discuss this at greater length please talk among yourselves — I'm going to Perth.

The appreciation of the meeting was expressed by Dr. Frederic L. R. Jackman, President, Invicta Investments Incorporated, and a Director of the Empire Club of Canada.



February 9, 1989

Jane Park
Daniel Hill
Tarum Stewart
Cynthia Godsoe

THE CONCERNS OF YOUTH IN TODAY'S WORLD

Chairman: **A.A. van Straubenzee**
President

Introduction:

"Youth is a continual intoxication; it is the fever of reason" — so said the Duke Francois de la Rochfouco.

I think I know what he means.

One of my professional tasks in life is to undertake searches for Principals or Heads in the independent schools in Canada. In the course of this work we always talk at length with representatives from the many constituencies in the school community — namely parents, alumni, teachers, Board members, the search committee of course, and the students.

I have always been particularly rewarded by the meetings with groups of students whose input on the leadership they want for their school is insightful, dynamic and challenging.

Recently in a student group discussion with us, a Grade 7 boy told a Grade 10 student that she was crazy when she said: "I'd like to see someone who can inspire us in assemblies." He said: "I want someone who doesn't just give pretty speeches but sets an example and really cares about people." Interesting.

And the humour they have! After we had advertised in the R.O.B. for a Principal, the boys at that school wrote up an ad in their own school newspaper for a number of positions asking all applicants to reply *in strict confidence* to Mr. A.A. VS — using our Logo. On the opposite page were the names of possible candidates for the Principal with the odds as to their chances. They threw in the school janitor at 3 to 1; Sinclair Stevens at 10 to 1; a former Prime Minister at 20 to 1 and the school mascot at even money.

At the Empire Club this year we have had, and will have, as our guest speakers some of the great citizens of the world as well as some very prominent Canadians. They are today's leaders.

Today we have tomorrow's leaders, and let me introduce them. Each one will be speaking for five minutes on a topic of his or her choice and the group will take two minutes to comment on each speech — there will be a wrap-up of one minute at the end for each individual panelist. Edmund Burke said: "Tell me what are the prevailing sentiments that occupy the minds of young people and I will tell you what is to be the character of the next generation."

Well, Ladies and Gentlemen, let's find out.

Our first speaker will be Jane Park. Jane is going to graduate this year from Martingrove High School, where she has spent her entire secondary school career receiving averages in the 90s. She hopes to go into law. She has been actively involved in model parliaments, international affairs conferences, and she is president of her debating society. She is a writer for the school magazine — The Bare Facts. She enjoys playing the piano and is on the swimming team. She recently spent a summer in South Korea.

Our second speaker, Daniel Hill, is another student with averages in the 90s. He is on the Harbord Collegiate Reach for the Top team. He is destined for medicine and also hopes to do some writing. Daniel is second vice-president of the students' council and enjoys travelling, playing tennis and singing in the choir. He is about to leave for a trip to Russia in March. Daniel has another year of high school before he goes on to university.

Our third panelist will be Tarum Stewart who has been at Upper Canada College since 1982. Tarum also hopes to end up in law. He is currently the vice-chairman of the World Affairs Conference put on at Upper Canada this February the 20th and 21st — where he has attracted such speakers as both Paul and John Godfrey, John Crispo, Bob Rae and James Laxer. It is a huge undertaking for that school and his involvement is a tribute to his leadership capabilities. He also has been a counsellor at Camp Tanaka and enjoys canoeing, skiing, windsurfing, and computers.

Our fourth panelist is Cynthia Godsoe who has been at Bishop Strachan School for 11 years and is a prefect. She is editor of the Spectrum, the school newspaper, and is on the swimming team. She hopes to get into international relations. This busy young lady has been a counsellor at

Camp Oconto; spent five months in France on an exchange last year and this year received the highest points overall in the Fulford Cup debates. She spent a summer in the Bahamas in marine biology and works part-time for the Hugh MacMillan Centre for Handicapped Children. Needless to say a very talented all-round person.

Jane Park:

Mr. Chairman, distinguished members of the Empire Club and esteemed guests. I'd like to thank you, first of all, for inviting us here today. I know that we're all very excited about sharing our ideas with you because there are some very grave concerns that we, the youth of the 80s, have about our future.

Just reading the newspaper daily, it becomes evident that we should be actively worried about the kind of world we will inherit. For those of us who optimistically aspire to bettering our world, we face great challenges. It's frustrating to know that the ozone layer may be depleted beyond repair by the time we become adults and start worrying about the welfare of our children.

It's frustrating to think that over one billion people still suffer from malnutrition when there is a food supply in the world adequate to feed more than the present world population. It's hard to understand why the tropical rainforests are being cut down at a rate the size of Great Britain every single year. Most frustrating of all is the realization that all of these problems are connected and tangled together. They can't be solved one at a time.

The destruction of the oxygen-giving rainforests in Brazil and the increase in the rate of infant mortality are direct consequences of its massive international debt. How can the government be worried about social and environmental programs when it must spend over 50 per cent of its export profits just paying the interest on its loan? It just goes on and on.

The effects of these problems are exponentially larger when taken in the context of a shrinking world. All problems are inter-related and overlap. The search for any kind of a solution must begin with the realization that at the end of this tangled web, all problems affect us personally. We all breath oxygen and we all drink water.

It's not possible to feel safe and secure in our own isolated worlds ignoring the outside realities. Because of communication, trading patterns and technology, our world is getting smaller every day. In the 20th century, there really is no such thing as your problem and my problem when it comes to global issues. It's all our problem.

Today's leaders must think in terms of the global village and be worried about our future more than ever before. We have to educate ourselves and then take responsibility for our world. For instance, perhaps Canada would be more successful in halting the destruction of Brazilian rainforests if the banks re-examine international loans in addition to promoting preservation. Only by combatting the problem from all angles can the disease, and not just the symptoms, be diagnosed. Here in this room, we have some of the most powerful movers and shakers of our nation. Now in the era of free trade, the decisions made in the boardrooms and government offices of today will set an irreversible path for the future of Canada. As young adults, we are looking towards your generation for strong leadership and direction. We hope that you are concerned about the kind of world you are leaving us. What are you doing to make sure that we learn from your successes and from your mistakes? As we approach the 21st century, there must be a strong agenda for reform. We need tougher action against pollution. We need to see a greater respect for our precarious environment and, especially with our new Security Council seat in the United Nations, we need to promote international peace and justice more than ever before. In today's world, every decision we make as individuals, as businesses and as governments has an immense impact. Dante wrote that the hottest fires in hell are reserved for those who in times of moral crisis remained indifferent. Presently, we might very well be on the verge of a moral, social, environmental, economic and political world crisis. Unless we are responsible enough to act today, the hot fires of the greenhouse effect, the third-world debt crisis and the challenges of an ever-shrinking world may destroy the world as we know it.

We, the youth of the 80s, are demanding a lot of our leaders, but as direct inheritors of the consequences of your decisions, I think we have that right. You have a critical role to play in determining our inheritance. We have pinned a lot of confidence, hope and faith in your leadership. Please, don't let us down.

Daniel Hill:

Our forefathers have tamed the land and the animals. They have adapted to the climate and endured its unpredictability. Humanity has survived throughout the centuries living in an honest relationship with the earth that there was no reason for it to revoke, but now the future looks uncertain. Mother Earth is rebelling against its children for the abuses they have inflicted upon it, for the garbage they put in the air and the water and for the destruction of the rainforest.

The most prominent and the largest of this type of forest in the world is the Brazilian rainforest, home to 50 per cent to 80 per cent of the planet species. Most are still undiscovered and many will never be known. Extinction is inevitable and, as the trees are slashed and burned at an accelerated pace, extinction is something we cannot reverse.

It saddens and angers me when some rare wild plants that might contain cures for still unconquered diseases are eradicated with indifference, dissipating our hope of ever defeating terminal diseases like cancer and aids.

Twenty per cent of the Brazilian rainforest is already gone and, should this kind of destruction continue at this rate, all will be gone in approximately 25 years. Brazil is a major contributor to the increasing amount of carbon dioxide in the atmosphere. Twenty per cent of the total amount of carbon releases from deforestation come from that country. Now we know that carbon dioxide is one of the factors in the development of the greenhouse effect. It is estimated that if we continue to view this crisis with total apathy and nothing is done to solve the problems, the earth will become increasingly warmer. This drastic change in the climate will be catastrophic. When that time comes, we will be helpless and our very livelihood will be in jeopardy. Trees that have been cut and burned will no longer be available to absorb this excess gas. This is why we must save the rainforests.

We do not have generations to solve these problems. Time is very limited. We have only years to turn things around to make this world a viable place to live in for future generations, mine and generations after that.

History has shown us that those who caused the problems were never there to suffer the consequences of these reckless actions. It was always the next generation who must suffer, who must bear the burden of solving the problems that they have never created. Let us hope that never happens. Let us hope that those responsible for the current problems have the decency to solve them instead of unloading them on others.

The reason behind the Brazilian government's policies are not trivial at all, although I do admit that those policies are ill-advised. Wiping out the precious rainforests might make that country temporarily richer but it will make a poor and harmful future for them, for all of us.

The improvement of the economy must make some environmental sense. Development and preservation must go hand-in-hand. They cannot be separated. Rich nations must reduce the debt burden of third-world countries like Brazil because we share a common problem and a common fate.

I view the future with anxiety and apprehension. If the present rate of the destruction of the rainforest were to continue, the greenhouse effect is certain in our future. Or is it here already? Was it or was it not the sign of the greenhouse effect that we have experienced the past summer? Whatever may be the answer, we cannot take a chance. We cannot sit idly by and wait to see if we were right or wrong. We must take precautions in dealing with and solving these problems that are facing us before the damages have become irreparable. Thank you.

Tarum Stewart:

Last Monday, there was a disturbing story in The Globe and Mail. A teenager was attacked by a group of boys on the subway and had his Nike shoes and Roots jacket stolen. Gang violence In Toronto.

Now I ride the subway every day and it made me realize how vulnerable we all are. The police shootings of Lester Donaldson and Wayde Lawson have added to our concern. Racial violence in Toronto. Those kinds of attacks only happen in the U.S., don't they? We've always been sure that our cities are clean and safe. You have heard, of course, that there are more murders in Detroit every year than in all of Canada. We share a huge border with one of the most violent societies in the world. We are bombarded by its culture and media. We've been safe so far, but are times changing?

We're entering into a new age of open borders with the United States, thanks to free trade. How can we avoid importing American violence? Well, I believe we have an advantage. The development of our cities is about 10 to 15 years behind that of American cities. If hindsite is 20/20, then the answer to many of our future problems should be clear.

Americans have accepted the fact that their cities are unsafe and that they must protect themselves. I want to be able to take the subway home at night. I want to be able to park my car underground and I don't want to have to buy a gun. The American level of violence is simply unacceptable.

Washington, D.C., has become the murder capital of the United States. The police chief said recently that there are two main causes of violence in his city, guns and drugs. He didn't mention poverty. I was sickened when I heard the Governor of California say that he remained opposed to any sort of restrictions on the sale of automatic weapons even after the Stockton massacre.

Who wants a society where you are in constant fear of being murdered in a drive-by shooting or killed because you weren't travelling fast enough on the freeway. The second amendment gives each American the right to own a gun. Once you give people this right, you can never take it away. Strict gun control is necessary to stop violent crime.

The problem of substance abuse is much more difficult. Drugs and alcohol cross all ages and social classes. People suggest stricter penalties for drug dealers, but this does not solve the problem in the U.S. In the long run, education is the only solution.

Poverty is the mother of crime. We must help people break out of the cycle of poverty. The answer to that problem again lies in education. Today, five million adult Canadians are functionally illiterate. Seventy per cent of students who leave high school do not get any university education or any skills training. These people will be stuck in dead-end jobs for the rest of their lives and the cycle of poverty will continue.

We must find ways to keep people learning. Let's look at Swedish and German apprenticeship programs as a way to teach these skills. While I don't support the idea of extensive public spending, I expect the government to protect its citizens. Canada's highly developed social programs provide a safety net against poverty and, therefore, against crime. The difference between rich and poor is smaller here and this leads to a more stable society.

Ghettos are the centre of crime. American cities like Detroit have allowed their inner cities to become run down. Here is an opportunity for us to learn by their mistakes. We must maintain a careful mix of commercial, industrial, and residential land in our downtown core. This will stop ghettos from forming and help fight crime. The problem of violence is growing. I don't want to accept it as an unavoidable aspect of urban life. I don't pretend to have all the answers. I'm just suggesting a few ideas that might work.

Martin Luther King said: "The choice today is not between violence and non-violence, it is either non-violence or nonexistence." Thank you very much.

Cynthia Godsoe:

Ladies and gentlemen, when I heard that I had to give this speech, my first reaction was total panic. My second, like any good teenager, was to phone all my friends. I found that, contrary to popular belief, young people do worry about more than homework, what's happening on their favourite soap opera, and Saturday nights.

We are concerned about many things, such as acid rain and nuclear war, equal rights and the homeless. However, many of these concerns are distant to us and it is sometimes difficult to see their effects on us. Thus, the problems that most concern me are those which directly affect people my age, or youth problems.

The number of street kids rises greatly each year. Juvenile crime has skyrocketed as have juvenile victims. From 1961 to 1981, the adult murder rate has gone up two times, while the murder rate for those under 18 has increased by six times. Teen gangs are becoming much more common and more powerful than ever before, committing over one-quarter of all juvenile crime.

Most of this crime is committed by young people lacking in education, for the majority are only at a basic Grade 9 level. The high school drop-out rate is 60 per cent in Ontario today and many of these youths will go on to commit a crime. Over three-quarters of all crime is committed by people age 14 to 30 and well over half will become repeat offenders. For many young people, crime seems to pay.

The number of kids forced to live on the streets homeless is 14,000 to 18,000 in Metro Toronto alone and these numbers are equally high in every major city. Young kids are forced to sleep on hot-air vents and pick through garbage to survive. Some are from foster homes or poor families, but the majority of these runaways come from middle class or upper class families. They have left home but cannot possibly support themselves or find a place to live in today's harsh world. This is especially a problem for kids over 16 who are thus ineligible for Children's Aid but cannot get welfare, having no fixed address.

One hundred children run away in Metro Toronto each week, mostly from the suburbs, yet very few youth shelters exist. And when the government attempts to build new ones, as was the case in Scarborough last year, local residents create an uproar and refuse to harbour these youths anywhere near them.

So what is our solution? The police sweep the kids off the streets, forcing them to take shelter in the more dangerous underground. Street kids must be encouraged to leave of their own volition and thus must have incentive, opportunities and some hope for their future. Often, to compensate for the lack of family and community, kids group together in gangs for protection and a sense of belonging. For many, gangs and crime are the only way out. Such gangs battle it out with sub-machine guns in LA, (gone is the switchblade era), or haunt Detroit where schools now come equipped with books, teachers and armed guards for protection. These terrorizing gangs have not yet hit Toronto but already the seeds are here.

Teens hang around in shopping malls for hours on end where fights inevitably break out between various groups. This happened at Scarborough Town Centre just last September where one boy was brutally attacked by four others. What made them do it? Boredom was the only reply.

These occurrences are becoming more and more frequent in Toronto, but most tend to ignore it and hope the problem will pass. These problems will not go away and are worsening each year. Despite the fact that poverty and parent/child disputes have always existed, these street kids and violent gangs are new and mainly a product of our generation.

Why is this happening to us? Why are so many young people, 14,000 to 18,000 in Metro Toronto alone, on the streets in a society that is richer than ever? Why are kids so bored they must turn to violence when we have more to amuse us, such as TV and video games, than any other generation before us?

We've been called a lost generation with no real identity, no common values and beliefs. For the first time, many doubt that they will live lives better than or even equal to the lives of their parents. Our role models are few and far between. Who can we look up to? Rambo — who solves his problems with AK4 machine guns? Corrupt politicians? Canadian heroes such as Ben Johnson? Therefore, the problem won't be solved by simply building more youth hostels or breaking up the teen gangs. For these are but symptoms of a much larger disease. We must revise our educational system and build up a sense of community and family through programs such as Neighbourhood Watch.

Most of all, we the youth must be prepared to face the future and try to solve our problems no matter how insurmountable they seem. Dropping out of society or turning to violence is no answer. We, like each generation before us, must have hope and belief in ourselves, belief that we too can change the world for the better.

The thanks of the meeting were expressed by Mary Byers, author, historian and a Director of the Empire Club of Canada.

Just remember you saw and heard them here first!

When, a few years down the road, you hear of the latest judicial appointment, or of the scientist who has made an environmental or medical breakthrough, or of the author who has written the latest Canadian novel, or the man or woman who has orchestrated the latest merger — that is if there are any companies left that have not already been merged — you may say "I saw that young person on the 9th of February 1989 at the Empire Club."

Lovat Dickson said: "It is a pity that we ourselves can never see the promise that others see in us when we are young." Well we here in the dining room today have seen that talent and promise and thousands more will hear it and see it on television, so you should not be the last to know that you are **very** talented, that you have articulated your genuine concerns in an eloquent and feisty manner and we are very proud of you. You have also challenged us to look at ourselves and take action to correct some of the problems you have identified and not leave them all to you. Your idealism, your zest for life and your willingness to set out to solve these problems is clearly evident. Thank you very much for being here today. We will watch for your names in the papers.

February 16, 1989

Lynda K. Palazzi

Regional Superintendent of Program: Peel Board of Education

NEW ERA IN EDUCATION

Chairman: **A.A. van Straubenzee**
President

Introduction:

Stunning and unforgettable. Ubiquitous and inexhaustible. A force in education. Tall and imposing. Awe-inspiring. Action packed. Undaunted. That is Linda Palazzi.

Several years ago we were searching for a new principal for a well known girls school in Winnipeg, Manitoba. One of the most prominent members of the Canadian Association of Independent Schools at that time is our guest speaker today. So, as one normally does in the search world, in order to do my sourcing, I called Lynda and asked her if she had any star performers that she knew of that I might approach for that job. She was kind enough to suggest that she would give it some thought and she told me that she was going to be speaking later that month to a very large group of Ontario principals and that she would be quite happy to make an announcement of the opening at that time on the condition that I contribute a sum of money to her building campaign at the school at which she was currently the principal, St. Mildred's Lightbourn. I don't know what it was about her over the phone but I can remember agreeing to her terms rather quickly which says something about her persuasiveness and sales ability. A couple of years later we received a call from her chairman of the board indicating that she had been promoted to be superintendent of the Peel Board of Education, which was quite an extraordinary jump at that

that time, and would we therefore look for her successor at St. Mildred's.

So off we went to Oakville and we started to talk to the various constituencies of that school. It will go down in memory as perhaps one of the most wonderful experiences of all time because the school was originally owned by the sisters of the church and they had some very strong views as to the future direction of that school and they had some very flattering words to say about Lynda Palazzi. Imagine what it would be like for me because the meetings began at 8:30 a.m. and I thought they would end rather quickly once we talked to one or two sisters. But they kept bringing more and more sisters in who wanted to talk to me and they kept feeding me coffee. By about 11:30 I was in desperate shape and I didn't know quite how I was going to not only ask for a physiological break but find the proper place to go. After putting up with the discomfort for just as long as I could I finally looked at my watch and said to one of the sisters that I had a brief appointment around the town and it wouldn't take me very long and that I would return if they wanted me to do so to hear more about the wonderful Lynda Palazzi. So I got in the car and rushed over to Tim Horton Donuts, asked if I could use their facilities and returned immediately to the sisters of the church. They had indeed a lot more to say about Lynda Palazzi and so about 3:30 in the afternoon I made the same excuse and rushed back to Tim Horton Donuts, asked if I could use their facilities and then returned quickly to the sisters of the church. Finally we were finished at 5:30 and I rushed over to Tim Horton Donuts, asked if I could use the facilities and they said, "Yes, Sir," but they would certainly appreciate it it I bought some donuts. I quickly bought a dozen donuts and used the facilities. So the point of this whole story is that when one talks about Lynda Palazzi there is a great deal to say. But you had better not drink coffee or tea when you're doing it in a convent. Later that month we did indeed sit down to discuss the direction of the school with Lynda and it was pretty evident why everybody thought so highly of this dynamic lady. She grabbed me by my lapels, lifted me out of my chair, shook me a couple of times and said: "Do you not realize that education is where it's at?"

Mrs. Palazzi became the superintendent of schools for the Peel Board in August 1987 responsible for all areas of administration and management of 17 schools, 10,000 students with a staff of 347 plus a field office of 57 resource and support staff. One year later she was made the superintendent of programs for that same board — the largest public board in Canada — and she is responsible for advising that board and administering all curricula and curriculum policies as prescribed by the Ministry of Education and the board. There are 90,000 students in that board. She has her M.A. from Georgetown University in Washington and her B.A. from the College of New Rochelle in New Rochelle, New York. She has the certificate for Supervisory Officers in the Province of Ontario and she is one of the most sought-after lecturers and public speakers in her field, having travelled throughout Canada, the United States, as well as other parts of the Globe. We are very lucky to have her with us. She has two children — Andrew, 19, and Stephanie, 17, and she finds time to keep fit and has a lot of hobbies which include travelling, interior design and reading.

Henry Adams in his book, The Education of Henry Adams, said: "A teacher affects eternity. He or she can never tell where his or her influences stop."

Lynda Palazzi:

I am honoured to be able to share my thoughts with the prestigious Empire Club about a topic so critical to Canada's long-term future.

The status of education today deserves the same passionate dialogue that we devoted to free trade. It deserves the same excitement you feel over news of still another massive take-over. It deserves the kind of press that held the whole world riveted over the fate of three whales last summer. It deserves the attention of our politicians, our entrepreneurs, our most creative deal-makers. It must come into its own, not merely as an after-thought or a scapegoat for other problems, but as the pivotal centre around which our long-term health and prosperity hinges.

There are two major agendas to consider when discussing education: the political or perhaps more accurately the societal; and the educational. Since the relationship between education and society has always been a subject of controversy, let me begin with the political agenda. It is particularly important to highlight the paradox of education today.

In a world where the rate of change is accelerating almost beyond our control, education's power to impact directly upon the future health of business, labour and the marketplace is intensifying. Education is the key to survival in an increasingly intense and competitive world economy where technical innovation is invading industry, the professions, even our private lives. One of the biggest impediments to our future economic health is the mismatch between the kinds of jobs the economy is creating and the qualifications of those available to fill them.

Because of change and decline in two of our other traditionally stabilizing structures — the family and the church — society is forced to lean more heavily on the schools. We are expected to transmit not only knowledge, but job training, values, social skills, etc. As a result, the system is rapidly being overloaded with demands that are no longer simple to fulfil. There is little for which we are not accountable. We teach sexual equity, multiculturalism, drug and sex education, physical health and fitness, computer literacy, music, drama, media studies, and social responsibility. We mustn't forget those good all-time favourites — reading, writing and arithmetic. Yet, look at us. Take a good look at us. At a time when massive changes have occurred in business, in the family, in the very fabric of our multicultural, multiracial exploding society, what real changes have taken place in the schools? We have tinkered and toyed, bandaged and added, but basically we are asking schools, designed to meet the needs of a 19th-Century agrarian/ industrial society, to cope with today's far more complex, economically challenging and socially explosive demands.

Hardly a fair expectation for education. It is an unsung triumph that we do so very well.

I think there is a huge and somewhat dangerous gap between what we are actually doing in our schools and what many of you expect us to do. I believe the timing is ripe to consider a new era in education. We can't afford to let this opportunity slip by with cosmetic changes rich in rhetoric but poor in reform. Just as commerce has revolutionized accounting practices and inventory control with the latest computerized equipment; just as medicine has discovered amazing advances in diagnoses and treatment; just as communications have become almost instantaneous with the fax machine and the cellular phone; just as 93 per cent of Ontario families no longer fit the traditional mold; so too we must now consider updating and refining our school system. We must consider how it can meet today's realities more effectively, as well as provide the flexibility to adapt and respond to future changes. And I am not talking merely of changes to the curriculum. I am talking about basic structures.

Let me tell you why I believe we are at a significant transition point. The Americans are now seeing the havoc caused by an educational system struggling under social and economic changes for which it was totally unprepared and poorly equipped. Put simply, American workers are not keeping pace with the demands of today's jobs. And, according to a new study produced jointly by the departments of labour, commerce and education, the gap is widening. More and more workers are entering the job market with serious educational deficiencies, and many never catch up. Overall, the skills gap costs the business community an estimated $25 billion to $30 billion annually in low productivity, workplace accidents, absenteeism, poor product quality and lost managerial and supervisory time.

As a result, more and more American businesses recognize that their future health depends quite simply upon the future health of the schools — not to be charitable, not to promote good corporate public relations or citizenship, but quite simply to survive. Some interesting demonstrations of this American concern include:

- A two-day summit convened in September 88 by Fortune Magazine: more than 100 leaders from business, industry, government and education discussed specific ways business could help the schools, and thereby benefit themselves.
- The October 88 annual conference of the Business Council: CEO's of the 100 largest U.S. companies decided that education and its new baby sister, day-care, was a key issue. Devising ways to improve education was seen as one of their chief challenges in the 90s.
- The direct financial investment by U.S. business into elementary and secondary school education and expanded support of early education are now encouraged by many companies. The amounts are still significantly

less than corporate donations to colleges and universities — only $200 million last year. But what is significant is that a growing share of university dollars are earmarked for teacher training and projects to improve education from kindergarten on.

- Companies such as Polaroid and Exxon, alarmed at the growing shortage of mathematics, science and technology teachers, and the frightening implications of such shortages, are directly recruiting and training such teachers.
- In Chicago, 16 of America's biggest corporations, including Sears Roebuck, United Airlines and Baxter International, have joined forces to open their own private school to serve as a catalyst for national educational change.
- A recent U.S. Chamber of Commerce survey showed that 79 per cent of local chambers have education committees and 62 per cent are targeting community-based initiatives with funds and other support.

Individual company efforts, many of them quite dramatic, to bolster schools in communities throughout the United States are an increasing phenomenon. But what is being done in Canada?

In Ontario, recognition **is** growing that our current educational system is neither structured nor resourced to meet present-day social and economic realities, much less adapt to even more complex future challenges. With technological advances speeding up and the size of the qualified labour force shrinking, we have — together — a major educational, training issue. I don't need to remind you of the problems our schools face. They make front page news on a regular basis.

So it is time to consider a new era in education. If we settle for only cosmetic changes, superficial remedies, or more of the same costly bandages, the economic and social price will be incalculable. As difficult as it may be to psychologically, politically and economically question the very structure of one of society's most sacred cows — the school system — it is essential if we want to avoid what I will call **the price of ignorance**.

In an era of exploding technological and social innovation, the person who fails to adapt to change, fails to advance. The shift from manufacturing and resource industries to service and high-tech industries dominates the market-place. Both our productivity and our ability to compete globally will be even more closely linked to flexibility, analytical skills and problem-solving abilities. Future jobs will require far more sophisticated training. But that's only one side of the coin. The other — and vastly more frightening side — is the social price. If you think education is expensive (Ontario spends $4,851 a year to send a child to school) consider the price of ignorance — low income, unemployment, social tension, poor productivity, welfare, crime, growing numbers of urban poor, etc. The cycle of ignorance, poverty, and crime seems likely to increase and become impossible to resolve, as future skills and jobs become even more complex.

Education is an investment and in an information age, educated people become our most valuable resource. Education is also big business. For example, the Peel Board, the largest public board in Canada, is responsible for overseeing a half billion dollar budget. It is the largest employer in the rapidly growing city of Mississauga. Therefore, in much the same way that you have adapted and reorganized your businesses to meet current global market conditions, we must re-think the way we run our business to meet current Ontario social and economic conditions. If we don't, we run the risk of the schools increasingly serving only a portion of our society, leaving countless thousands out of the economic mainstream.

What can we do? As Louis Gerstner, President of American Express, points out: "It's time we adopt that famous Noah Principle. No more prizes for predicting rain. Prizes only for building arks."

We need to marshall our collective wisdoms and resources to start building that ark. Let us be more creative!

In the world that invented junk bonds and leveraged buyouts, in a world that rewards the marvellous technique of acquiring a company by borrowing on its assets with enormous legal and investment banking fees, surely we can be more creative in the way we structure and finance our educational system. A simplistic approach, no doubt. However, education deserves this kind of creativity, this kind of profile to help it deal effectively with present-day realities. It's not just next year's bottom line at stake here — it's our children and our future.

How many of your businesses, for example, serve clients from 9 a.m. to 3 p.m.? How many of you consider it economic sense to close multi-million dollar plants one-quarter of the year? I ask you: Can computer chips be made with drop forges? Could America's credit markets trade four billion shares a week by exchanging slips of paper? Could you communicate as quickly and as effectively without your fax machines and cellular phones? Can schools do much better within existing structures and resources? Why are we currently facing a teacher shortage of crisis proportions, particularly in those crucial areas of math, science, technology? What are the implications of these shortages? What do these shortages say about our long-range planning? What do they imply about the stature of education as an exciting career option?

It is time we reinvent education the way Iacocca reinvented Chrysler. Let me quickly add that I recognize that educating a child is quite different from building and marketing a car. Wrong decisions in the office or the plant have far less impact than the damage done to children from wrong decisions in the classroom.

Another powerful factor that inhibits educational reform is psychological. We are all in a sense experts about education. We have "survived" and triumphed over years of formal education, plus sessions of retraining and professional upgrading. Few of us have achieved this without forming some pretty strong opinions about education along the way.

Many of us are uncomfortable with the idea of tampering with something so inextricably linked with our own experience. We also fear experimentation when our own children have so much at stake.

However, regardless of your own unique perception of "that place called school;" no matter what glowing sentiments may linger from memories of your favourite teacher, or your child's Christmas concert or commencement, it is critical that you at least recognize and consider the implications of the following facts. With this background, it may be easier to understand what I believe must happen if education is to parallel and support Ontario and Canadian society — as it really is and not as it was 10 or 20 or even 50 years ago. There is a little to be gained by looking back instead of forward. As Marshall McLuhan warned: "We drive into the future by looking back into the rear-view mirror."

Our schools are not designed, equipped or resourced to deal with the following 1989 facts of Ontario life:

- Only seven per cent of Ontario families now fit the traditional family model. The resulting phenomena of the working mother, the single-parent family, the diversity of family and living styles, the increased mobility — all these social changes have put extraordinary pressure upon teachers, administrators, Boards and curriculum. Schools are now expected to deal with areas far removed from traditional literacy and numeracy. Family issues have been flung to the centre of our political and educational arena.
- The first report of the Premier's Select Committee on Education concluded in December 1988 that our goals of education must be expanded. Equal opportunity, as well as equality of outcome for all children, must be assured. The select committee stressed that schools must "work towards eliminating the systemic barriers that prevent equality of outcome for children from many disadvantaged groups."
- The powerful influence of the communications and

entertainment media. Society is greatly influenced and shaped by various types of mass media. Television, for example, broadcasts programs specifically for audiences who they presume are distractible. Attention spans are shorter. Consider commercials. Originally, they were a minute. Then they were divided into 30-second bits. Currently, some ads are down to 15 seconds. We have had 20 years of children raised on Sesame Street. An entire generation has been conditioned to learn in short, easily digested capsules of information. This has had a profound impact on our classrooms. Few teachers can provide a classroom experience comparable to a TV sitcom. Nor can students change teachers or subjects with the flick of the remote control.

- Day-care is a fact of life with some very startling consequences. These consequences will increasingly impact on the success of our schools. Consider: If most mothers are working (and in Ontario, 67 per cent of those with children under five are working) then their children must be cared for. The quality of the care directly impacts upon the child's readiness to learn.

We may be risking a large proportion of this generation of young children, those entering schools from inadequate or impoverished backgrounds compounded by the lack of suitable day-care. These children are at a severe disadvantage even before they start school. These high-risk children are another example of the "vicious-circle syndrome".

It makes sense that a secure and stimulating child-care program available to all children, regardless of their economic background, would have a beneficial effect on every child's ability to learn and benefit from school. No matter what your own philosophy or experience about family life or child care may be, it is imperative that we collectively recognize that even with the best of intentions, today's family by itself cannot always respond to the increasingly complex demands of society. We must be careful that our publicly financed school system does not produce two classes of citizens: those who come from backgrounds which allow them to profit from our educational system and advance to the post-secondary training required by future jobs, and those who are at risk before they even begin — doomed to low pay, low satisfaction jobs or constant unemployment.

- A very diverse population now comes to school and stays longer than ever before in our history. An average classroom in 1989 bears little resemblance to what you and I might remember. In a class of 25, you may have one child who is "physically challenged", (the current term for the disabled), three who speak no English, four or five who come from vastly different cultures, and several who have been formally declared "exceptional" — gifted or learning disabled — and thus require specialized programming and support. Such a classroom requires a very comprehensive curriculum for one teacher to deliver. The paper work required of the Ontario teacher and administrator in 1989 would do credit to your legal and accounting departments and we don't have the benefit of state-of-the-art technical support.

What can we do to address these needs and to make our schools more effective for the diverse populations that they now serve? How can we save employers from the frustration and expense of having to train and retrain their work force? How can we make "that place called school" a far more meaningful experience to those thousands of young people who are currently opting out before graduation? How can we help ensure that the "life-long learning" required for our future well-being becomes a positive rallying point for structural reform?

I believe we start the same way you set about building a world-class company. You don't do it on out-moded organizational structures. After all, few of our students are really needed in harvest months to bring in the crops today. So we must start by reorganizing — a few schools at a time. To help our schools reflect the social and economic characteristics of the communities they serve, they should operate year-round. For 10 to 12 hours a day, they should incorporate within their programs day-care centres, senior citizen drop-in centres, adult re-education programs, ongoing co-operative partnerships with local businesses, liaisons with unions and industry to ensure they are providing current technology and training skills, opportunities for job-shadowing, apprenticeships, and work experience. Schools should allow teachers, parents and students the option of a full school year divided into three-month modules. Teachers and administrators wishing to work all four modules would be paid accordingly, thereby having the opportunity to earn wages comparable to those levels paid by private industry. Parents could opt for their children to take two, three or all four of the modules depending upon the student's needs, interests and abilities. Ongoing work, without conflicting with school hours, could be more readily arranged if the school year and hours were more compatible with local businesses. Learning now and in the future will have to become a life-long process. As technology creates more jobs for people who think for themselves and eliminates jobs that are merely repetitive, people will have to go on learning throughout their working lives. Why not make our schools ongoing centres of learning for the entire community?

Interestingly enough, our current legislation governing secondary education in this province provides this flexibility right now. This kind of approach — if done with the partnership of education and business — will result in far more productive relationships and help reduce the long-term cost of industrial retraining. By assisting schools to provide up-to-date training and equipment, industry could help breach that huge gap currently existing between school and work and assist young people in making the transition less difficult.

David Kearns, CEO of Xerox, agrees this approach is critical. Even without the high cost of remedial training, he believes that industry's training bill will keep growing since we are entering an era of life-long learning merging work and education. Most jobs will be restructured at least once every seven years and by 1990, next year, three out of four jobs will require some education or technical training beyond high school. Currently three out of four major U.S. corporations are already providing basic training. The billions of training dollars spent by corporations yearly could, if we establish partnerships, be shared. We could work together towards mutual goals rather than isolated objectives. A year-round school organization would also provide fresh opportunities and incentives to the new breed of teachers we need to attract to the profession — particularly in those areas of math, science, technology and communication skills which are so intertwined with our future development. We could provide the option of teaching a full year at competitive yearly wages or part thereof, with time to work in business or industry, or run complementary businesses. Skills that would support and enrich teaching specialties could be constantly updated. Such "state-of-the-art" teachers would motivate students far more effectively.

A school with on-site day-care and senior citizen facilities, and an ongoing commitment to adult education and re-training programs could remain open 12 hours or more daily. Such a facility becomes truly the focus of the community. More adults would be on-site to provide supervision, nurturing and mentoring of young people. This mixing of generations is rapidly becoming a dire need in our fast-paced society where both the young and the old are increasingly isolated. Why not provide opportunities for such groups to work together productively in a learning environment?

Why shouldn't schools be ready to receive children as early as 7 a.m. and keep them until late evening if this will not only ease the burden on working parents, but provide a protective, nurturing one-stop environment? Would it also not lessen parental anxiety, thereby improving employee productivity and reducing absenteeism? It is clear to me that we have the knowledge and ability to do this. We do not yet have the organizational structure simply because we haven't reached consensus on the present need and long-term benefits of such innovations. Our debate over the changing role of the schools in our future society requires some fundamental attitude changes, not just financial placebos.

Let us now consider the educational agenda.

The nature of teaching too is changing. This is happening in Boards such as my own where the results of years of extensive research into the nature of teaching and learning are taking root. We recognize that children are far more than empty vessels waiting to be filled with facts and figures. It is becoming increasingly clear that when the child is an active participant in his or her own learning, that learning becomes a positive enabling process with results far beyond the mere regurgitation of facts that rarely last. Outstanding teachers always knew this intuitively and provided children with structured, focused experiences that drew out their innate ability to think and problem-solve, compute and make decisions. Years of research now confirm what can be achieved with these techniques.

However, the transition from research to implementation and from implementation to accountability is one of our major educational challenges. We have to do for teachers what we are trying to do for students: instil the idea that learning is a life-long, evolutionary process that builds upon the individual's own experiences. The goal in Boards such as Peel is to find more effective ways to translate this knowledge into the classroom in low-risk, high-support ways. Peer coaching, or mentoring, is one method being used in Peel. The teacher, or the administrator, in a non-threatening way, builds new experiences onto past knowledge by observing and working with two or three others in a coaching or mentoring model.

Our educational goal must be to work together to help children become masters of their environment. Children who can be creative problem solvers, responding and interacting in positive ways with others, become autonomous life-long learners, able not only to cope with change, but to shape new life experiences. The others risk becoming victims, unable to relate, grow or change, unable to make decisions, isolated and even alienated from the changing environment.

Educators also must recognize the need to bridge the gap between public fears about our apparent lack of accountability and the type of accountability necessary to achieve the independent problem-solvers that our accelerated change and diversity demand. This kind of accountability is beginning to surface now. Provincial testing of reading and math at the Grade 6 level is now being developed for late spring of 89. And I can promise you that in Peel, statements of expected outcomes will be increasingly built into all future curriculum documents and support materials. As in any large business venture successes must be evident to justify expenses. We have several reasons for ensuring this happens. Like you, we want to see the dividends from our investments — dividends in terms of improved student outcomes, higher retention rates among those students who do not see school as valuable and a greater empowerment of teachers as well as students. More emphasis on cross-curricula themes and strategies will demonstrate to students of all ages that education is an integrated whole, not isolated areas artificially compartmentalized into various subject boxes. We have to work at creating teachers of children, rather than teachers of isolated content which has little relevance in a world where our knowledge base doubles every two years.

The processes of learning, the common elements that are integrated among all subject areas, problem-solving, skills that cut across all of life's challenges, these are the elements we want to evaluate. These are the elements you should be expecting us to be able to account for if we are truly educating for the future rather than for an outdated past.

Join us in these goals. Collaborate with us! Don't merely confuse what you remember about school and what is easily understood and measured, with the real challenges.

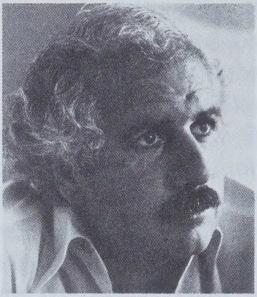
Continue to challenge us. Yes, continue to criticize us. But do it constructively. Do it within the structure of growing societal complexities. Do it with the recognition that the universal pace of change is accelerating beyond our control. Experience gained by study and work no longer lasts a life time. Indeed, it now risks being outdated in less than a generation. In industry today, new materials, new processes, new products may easily invalidate a wealth of technological experience in no time at all. So don't tell us merely that children cannot spell and then go away. Be prepared to talk to us and with us — not just about us — and be prepared to listen. Recognize that we're all going to have to think differently if we are going to make fundamental changes. Recognize that in the long run mediocrity costs far more than quality.

You must be prepared to get involved; be prepared to invest not only intellectually but financially as well in a partnership, a merger with educators such as myself if we are to truly serve our young people and secure our future. This is the kind of merger and acquisition that should be viewed as critical, with phenomenal pay-offs.

I believe that many educators are now looking in the mirror and observing our faults. We are prepared to remedy them as well. We hope you will join us.

If we can't educate our children to be even better prepared than we have been, then we are indeed labouring in vain. Together we *can* make a difference.

The appreciation of the meeting was expressed by Robert L. Brooks, Executive Vice-President, The Bank of Nova Scotia, and a Director of the Empire Club of Canada.



February 23, 1989

Moshe Safdie

Architect and Urban Designer

POSSIBILITIES OF GREAT RICHNESS

Chairman: **A.A. van Straubenzee**
President

Introduction:

Many is the time that I have driven through Ottawa on my way to the Gatineau Hills and nobody could ever say that the drive through Ottawa was exciting. That is until there was Moshe Safdie's National Gallery. But then Safdie has added excitement to many cities throughout the world. His work is everywhere; And now Toronto — the Ballet Opera House.

Safdie has left his architectural stamp in many different parts of the world through his creations — buildings, exhibitions, films, lectures and books. He is a creative genius. We are lucky he gave Canada a second chance.

Jack Dombrow, my personal counsellor, tutor, adviser, consultant and psychiatrist who is really my barber, has been saying for years: "Until Toronto gets an Opera House it will not be a great city." "Hell," he says, "even cities like Kassel in West Germany have an Opera House."

Moshe Safdie was born in Israel. He studied at McGill University where he received his Bachelor of Architecture. Since 1964 he has been working in offices in Canada, the U.S. and Israel. He has produced numerous films and publications. He has written books and organized exhibitions. He has lectured to universities and professional bodies all over the world.

And on they go.

When we visited the National Gallery to see the work of the great French impressionist, Degas, we were all stunned by the architectural master-piece which is the gallery itself.

Lotfi Mansouri, when he heard that Safdie had been chosen to build our Ballet Opera House, said: "Safdie's work has a sense of occasion . . . it is full of fire."

With such a distinguished head table from all areas of our cultural life, Frank Lloyd Wright's quote seems appropriate today: He said:

> Architecture presents man.
> Literature tells you about him.
> Painting will picture him to you.
>
> You can listen and you can hear him but if you want to realize him and experience him, go into his buildings and that's where you will find him as he is.
>
> He can't hide there from you and he can't hide from himself.

When our guest was describing his National Gallery in Ottawa he said: "I hope that people walking through the building will feel the complexity and range of emotions you experience listening to a piece of music."

We do. Ladies and gentlemen, a great citizen of the world.

Moshe Safdie:

Thank you, Mr. President, ladies and gentlemen, head table and guests, many friends. It's a pleasure to be here. It's nice to have Frank Lloyd Wright set the standard. In fact, I think that his constant uncompromising striving has really been a model to many young architects.

In the 1960s, some architect who is yet to be identified to receive the credit, coined the term megacity and megastructure, and it's fascinating to look back and consider the many projects that were put forward in the 60s under this term as utopias. They were these projects of enormous tall buildings connected with tubes. They looked like plumbing fixtures. They were undersea, underground cities. They were mostly projects that had enormous scale, many repetitive buildings and a totally man-made synthetic environment kind of detached from nature.

And it's important to remember that these projects were put forth as utopias. Now, I think it's fair to say that since then, in the past 20 years, all over the world and certainly in the

Western World, the image of the megacity has come to be thought of as something very negative. We tend to think, in fact, not just of the idea of the megacity, but just of modern development generally — I'm saying we, the public, not those necessarily professionally involved with building. When you think of modern development, people will think of alienation, certainly they think of crowding, they think of congestion, they think of pollution, anonymity, and all other fine adjectives.

What is interesting though when you talk to people generally about the environment and you listen to their critical comments is that they always feel powerless. They feel that they can have no influence over the environment in which they live, be it their immediate home or their working environment or the city in which they live. And they feel so because they think there is some kind of a machine, a process that produces those cities which has kind of an inevitable path. They're encouraged to think so by those involved with building cities — the real estate developers and the planning authorities who I like to call the "Apostles of The Only Way," because it is fascinating when you listen to those involved with the building of the environment that they say with quite considerable conviction that what gets built must get built because that is the only way. It's the only way that makes economic sense; it's the only way that it can be marketed; it's the only way which meets the variety of realistic criteria that must be met.

One of the checks and balances that we always used to rely on — that the building of cities is made up of two forces counteracting each other, the private sector that's in there to develop for profit and the public sector which is there to regulate it — has disappeared. We now almost take for granted, and I think a lot of community planning groups that have proliferated in our cities assumed, that land owned by the city, by the province or by the federal government is likely to be built to the greatest density because public land owners are as greedy about the value of their land as any private developer. And so the checks and balances of trying to put a lid on development seem to have disappeared.

Now, in the past and, in fact, a year ago speaking in Toronto, I pointed out that density was one critical issue and that we should consider downscaling the density of our central cities and that we will probably get better development, economically more sound, if the general density was reduced. But I'd like today to talk about another issue because I think the density is not the only question, but other dimensions which have as much impact on how we develop beyond that of density.

When you talk to the public in general about the quality of cities and you ask them "What would you like? What is your dream?" there is always a sense of deep nostalgia and that nostalgia has to do with life in older cities. People automatically assume that life in older cities was better. They might not even remember it as a first-hand experience, except for visiting older cities that have not been subject to modern development, but they tend to with nostalgia think that the past was better. And one of the questions is, what are the qualities that they relate to, that they refer to when they talk about preservation and the past and the kind of scale and quality of urban life that they associate with the past.

Last Wednesday, I was in Jerusalem for a brief visit and was asked to attend a meeting called by the mayor of some architects and public officials with a view to establishing a policy for height of building in Jerusalem. The meeting was quite fascinating because the first speakers were a city councillor and a real estate developer who made a case that there should be no limit on height of buildings in Jerusalem. In fact, if there has to be a limit, maybe it should be 25 or 30 storeys because, they said, tall buildings are synonymous with progress and prosperity, they stimulate the economy, and business would be lost to Tel Aviv, of course, by a restriction of height.

And then a group of young architects gave a slide show and I thought of the slide show in preparing my notes today because they had slides of New York, Boston, Toronto and Los Angeles, carefully selected to show clusters of tall buildings in the downtown area, and they kind of ran a quiz saying which city was which. The point that they were making was that Jerusalem would lose its uniqueness if it gave in.

And then I went on in my own comments to propose that there should be an eight-storey height limit with no exception in Jerusalem, pointing out that Washington, D.C., is a wonderful case study, a wonderful example of a city that made a determined decision early in its process that a modern city can function and can function well without giving way to tall buildings. But what is the interesting observation, I think, about the difference between cities which have proliferated with skyscrapers — and I'm not saying all this because I'm against skyscrapers — those cities that have restricted height have done so with a result that it is the institutions of culture, of government, of religion that are the most dominant buildings in those cities. And those cities which have developed with a lot of tall buildings because tall buildings are by and large commercial buildings, offices, or apartments — their expression is the dominance of the commercial aspects of the city.

Now, again when we come back to this question of nostalgia, what people associate with as a good place in the city, we know some of the things they don't like. For example, there have been projects in many cities where several office buildings have enormous, lavish, marbelled lobbies. They're all connected to each other. They have shopping arcades at the basement level. They've all been built with a promise that this will enable us to walk, without putting our coats on, through great distances in the city. But when you ask people about those places, they don't like being in them. They don't like being off the street. They don't like walking from lobby to lobby. They don't think that these shopping arcades are terrific places except to get to the subway somehow under cover. And in contrast, when you talk to them about an old marketplace that has been fixed up and made into a contemporary place in the city, they respond much more positively.

Now, I think that these two issues of "what is a kind of place in the city that makes people feel good? and "how do the institutions, particularly of culture, relate to these places?" are the kind of issues on which we can have enormous influence. I think it's worthwhile going back to historic cities and analysing what their basic structure used to be — and I'll show a couple of slides to make this a bit less abstract in a moment — but if you consider, say, ancient Rome, it had a main street, the Corridor Maximus, and that was designed almost like a building. It was arcaded, it was monumental, it was wide, and all the public places — the theatres, the bath houses, the temples — all looked in on that main street. The rest of the city was a kind of a general texture of houses and workshops and so on. But the public institutions, commercial life, the markets, were all integrated by a single public street system. And I think that tells us a lot about what is lacking in our development today; that we generally tend to segregate, to separate commercial activity — that of shopping centres — from our cultural institutions. They are rarely physically together. We site our cultural institutions, as some of you are aware through considerable discussion, almost by default — what site is available that one can afford to place it on. There is no grand plan as to how the ballet/opera houses, the great museums, the public libraries are clustered together in a way that makes the sum total greater than the individual parts.

And finally, there is still a tendency to think of many of these institutions as introvert, very private places. Now, the tendency towards introversion is also true of commercial development. Not only are many institutions built looking inward (and Toronto is fortunate compared with many other cities on this continent where the rate of crime and violence in the street tends to make institutions look inward) and built in an introverted way, but also commercial developments do that. The classical hotel atrium popularized by John Portman may be the most dramatic manifestation. Renaissance Centre in Detroit is a very introverted place. You leave the city to enter the centre.

Coming back to the issue of institutions, I think it is important to start thinking of the activities of these institutions — of our museums, the theatres, the places of the performing arts — as being part of the street system of the city. I think of Andre Malone, his famous book about tearing down the museum walls and saying we must think of a museum not as a place where art is experienced within a building, but one which extends into the streets and the lobbies and the subways and railway stations. I think that kind of concept starts creating the richness of how we can start linking together both the commercial and cultural activities.

I would like to show some slides for several reasons — one is words are so easy to accept. I always find that when one talks about cities with words, everybody is in agreement. You show one picture and there is always a great deal of discussion.

Here are two ancient plaza — or a reconstructed model of two ancient cities — the famous mosaic plan of Jerusalem on the right and ancient Rome on the left. You can see in the plan of Jerusalem the great Corridor, the central street, and on that, every major institution, and you can see in Rome that the Forum really consisted of the clustering of all public buildings — commercial, cultural and otherwise — within the general texture of the city. And we think of markets — ancient ones and more recent — as the kind of public places with a kind of scale and intensity of activity that makes us feel comfortable. It's important to point out that there are many contemporary examples of where these qualities are achieved.

The Baltimore waterfront, Harbour Place, is also an example of a recent development that has been well received by the public where they feel very positive.

Now, I purposely would like to show Columbus Circle (which is not to be seen in New York as these slides so convincingly show), because it is even in the highest of densities that the question of how street life and public place is designed becomes critical. And, in fact, notwithstanding the enormous controversy over its size, I believe that our design for Columbus Circle tried to deal face to face with the problem of street life, public activity, public space, within a very high-density situation. The building comes down to the street to form a real street edge and the public spaces within it are an extension of the street. You can see the Grand Curved Galleria and public garden which connects Broadway to 59th Street. It is designed as a public space in the sense that it is an extension of the street system. And if it had been built, I am convinced that it would have demonstrated that you can put three million square feet on top of a site and still create a people place at the street level.

There is a project on which I have been working in Jerusalem for 16 years. I call it the "architecture of democracy." I call it that simply because it's been 16 years in the process of design because of public participation. It's the district immediately outside the walls of the Old City and it's what used to be the no-man's land which is now a 25-acre slum and which is proposed to become a mixed-use area with parks, parking facilities for the Old City, which is an area without cars, shopping arcades and apartments. This model was made in 1973 at the point where we were still in terms of underground roads and underground connections. You can see, for example, that the entire road system in the project has been taken underground. You could see where the road emerges at the bottom of the slide. There was a public outcry and I can look back 16 years now at the plan which we will now go forward to build — construction will begin there now in two months — and say: the public outcry, the discussions that took place, were useful. Now, this is not a situation of density. This is more a question of quality of design. For example, the public wanted more of the older buildings on the site preserved. There was a move that there should be no underground roads whatsoever and I believe that the plan that emerged 16 years later, which you see here in sketch form, is a superior plan and something has been learned from the process. It's a weaving together of the existing buildings on the site, taking some of the existing streets and making them into pedestrian malls, creating an integration of pedestrian parks and vehicular traffic, all on the surface. The density of the project as it will be built and as you see it here is almost the same as the initial plan, but there are big qualitative differences. Here are the grand stairs coming out of Jafa Gate, which is a principal entrance to the Old City which would be one of the meeting places overlooking the historic valleys and leading into the commercial development.

I think that the most important decision concerning the National Gallery was made much before we were commissioned to design the building. It was made when the site was chosen. The fact that it was a site along the ceremonial route — that is, the main public space of Ottawa — meant by definition that it was going to be a building of national significance, almost regardless of what we would have designed. If the site, for example, had been one of the other sites considered, like deep within the city behind the newly built courthouse, it would have been a very different building, not just in terms of its architectural design, but in terms of its urban qualities. It now sits as one of several public institutions — monuments I might say — and by virtue of that site, its public spaces are an extension of the city of Ottawa, not private spaces for the museum.

It's interesting to reflect that when we were making the early sketches, two schemes were developed, two designs. This is a very rough charcoal sketch, but the sketch on the left was called the introvert scheme. It had galleries fronting on the city. It had the great hall as the main public space hidden within the building. The sketch on the right was a proposal in which the public spaces which are usually in the middle of the museum were turned upside down and placed completely on the outside of the building, thus creating a very transparent building where the public spaces are completely visible to the city. And there were two models made, presented at various levels including the cabinet and it's when we reflect on what the choice here was, it was a choice between the traditional museum which is a kind of an ivory tower — exclusive, mysterious — and the building on the right which is very much an extension of the city, you could say populace, certainly more inviting. And we look back today on that decision and imagine the difference between a building which had been primarily a solid wall facing the city as compared with the Grand Colonade and Great Hall and Entry Pavilion and so on, facing and being transparent to the city.

And the public spaces, as I say, therefore attract activities that would have never been considered in a more closed design. One can see the Great Hall even in the one year since, almost the one year since the opening, accommodating a variety of activities that nobody ever imagined when the initial program was written.

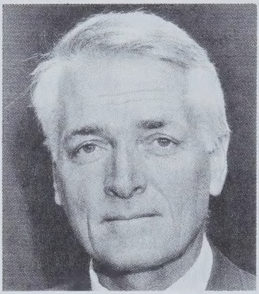
I am not showing the galleries, and for those who have not been in the building, I assure you there are galleries in the building which don't have sunlight on the paintings. In fact, they have very soft, controlled light. What I want to emphasize today is not the part of the galleries themselves, but the fact that a national institution, a cultural institution of this kind must be viewed in terms of the activities and the way it expands the city and what the city has to offer.

The City Hall of Ottawa is another case in point. Many of you, I'm sure, know the existing City Hall, and when the decision was made to triple its size, many would have considered the City Hall to be basically an office building and maybe City Hall **is** also basically an office building, but I think a city hall must be more than just an office building. In our own proposal which will go forth to construction soon, there is a public street that extends from Sussex Drive along the island. It has city services along it. The building grows out of the Rideau River on the north side. It faces a beautiful park on the south side. You could say that the building is a mixture of gardens and courtyards and traditional municipal services. It becomes a place for the community. It maybe could appropriately be called a community centre as much as it is a City Hall and you can see the complex here as it occupies the island as a whole as seen from Sussex Drive and as seen from downtown — the public places which surrounded and are within it and the inviting forms which draw the public in and make it more than just a place where you come to pay municipal taxes.

And finally, let me come to the Ballet Opera House in Toronto and, I suppose at this point, say with great pleasure that we're fortunate to have a wonderful site. It's central. It's within the city. It's adjacent to places of government. It's adjacent to an important commercial street, Yonge Street. But before showing our own response to the design, I'd like to go back and reflect on some of the traditional opera houses. For example, we are going to be building a horseshoe which is a traditional ballet opera house because we believe that the horseshoe is the most intimate and attractive room for performances, one that creates the closest contact between performer and audience. But it's also interesting to reflect that the great ballet and opera houses of the 18th and 19th century were very exclusive places. I think our objective in Toronto, first of all, was to create a building which is open and transparent and inviting, not unlike the National Gallery in terms of its response to the surrounding city, but even go beyond that and create a building in which the making of the art form — that is, the fact that there are hundreds of people in this building busily working at the making of ballet and opera, and performers building sets and so on becomes part of the experience of the citizen at large. And so the galleria proposed that will connect the subway and Bay Street, which is a public street at its lower level, will have all of the activities visible to the public of the making of the art above them. You can see the auditorium to the right. And again, the lobbies and foyers and lounges of the building, not just being a space that's used in the intermission time and 15 minutes before and after a performance, but each and every one of these rooms is open throughout the day and night to the citizens of the city. It doubles up as a city room, a public room. It links to commercial development — and I don't think it's trivialized by it — and at the same time, it serves the purpose of the public rooms that are needed for the performances.

So, I'd like to conclude on a kind of a note of optimism, which is that often people would assume that the kind of richness they seek in urban life and in architecture can only be achieved when you look back. A lot of people think that buying an old building and fixing it up and having the pattern of the old brick or stone, or the old beams, is the only way to get a kind of a rich quality in architecture and have a long time ago given up on the notion that contemporary architecture can achieve that kind of richness. And in the same way, people tend to think that old cities can achieve a kind of richness of life which we could never achieve in our contemporary cities. I think that is an unfounded conclusion. I believe that we have potential in front of us, the possibilities of great richness. I think we should start having one sector of activity within our society and within the process of building cities, start talking to the others. We should stop separating the pieces, but start connecting them and we should keep in mind that people's intuitions in the final analysis are really worth trusting.

The appreciation of the meeting was expressed by Henry N.R. Jackman, President, Ballet Opera House, and a Past President, The Empire Club of Canada.



March 2, 1989

Christopher Trump

Vice-President Corporate Affairs, SPAR Aerospace Limited

THE CASE FOR SPACE

Chairman: **A.A. van Straubenzee**
President

Introduction:

All of us at one time or another have been overcome with the strange wonders of space. We have read The Right Stuff, we have watched Lost In Space and Star Trek and we ponder about UFOs. "Hey diddle diddle the cat and the fiddle, the cow jumped over the moon." The little dog wasn't the only one who laughed at the thought — but no more.

Our guest speaker is the official spokesman for the great Canadian company, Spar Aerospace, which is engaged in design, development, manufacturing and servicing of systems for space, remote manipulation communications, defence, electro optics, and aviation markets. There are over 2,000 people employed in the company — including about 600 engineers and technicians representing one of the largest technological groups in the private sector in Canada. SPAR stands for Special Products and Applied Research. The Toronto-based company derives the bulk of its revenues from satellite machines but satellite manufacturing is not its only business. The $110-million Canadarm aboard NASA's space shuttle Columbia is probably the most famous piece of non-satellite hardware. If you remember it was used to manipulate objects in the storage bay of the space shuttle. The company also manufactures aviation gears and transmissions and military surveillance equipment.

More recently Spar has also become a major player in the U.S. space program. In May 1988 Spar won a $31-million federal contract to complete preliminary work on Canada's contribution to an international space station. Spar is the prime contractor for Canada's contribution which is called a mobile servicing system which is to figure prominently in the construction and maintenance of the space station. The U.S. National Aeronautics and Space Administration is the driving force behind the station. The U.S. is spending $14 to $18 billion in other nations including Canada and Japan and members of the European Space Agency will contribute about $7 billion U.S. The first components are expected to be lifted into orbit by the space shuttle in 1994. Our speaker said about the Canadian contribution: "What is remarkable is that for that amount, $1.2 billion, we have parlayed ourselves into a mission critical position. Construction should begin in spring 1989." It is very exciting for Canada to have this involvement and it will give our country and Spar great recognition. Canadian astronauts have already been involved in experiments in space. Astronauts Roberta Bondar and Ken Money have been nominated for one position allocated to Canada on the first International Microgravity Laboratory space shuttle flight. A series of missions is planned to carry out experiments contributing to the space shuttle.

Before joining Spar in 1982, Mr. Trump had a 15-year career at Columbia University's Graduate School of Journalism and he was Associate Dean. Prior to that he served as Information Director of the National Aeronautics and Space Administration New York-based Institute for Space Studies. He was a lecturer for NASA's National Education programs as well as holding several editorial positions. Mr. Trump has written Space-Canada In The Twentieth Century. He is a co-author of Education In Journalism and he has translated The New Tyranny, a book on nuclear energy. Mr. Trump is Membership Chairman of the Canadian Science Writers' Association and Honorary President of the Ontario Science Teachers' Association. He is also a director of P.J. Spratt Associates, Canadian Export Association, Outward Bound of Canada (and he loves the wilderness), the Ryerson Institute Board of Aeronautical Engineering and the University of Western Ontario School of Graduate Journalism.

Well, Christopher Trump has been leading us out of the wilderness with his wonderful writing and speeches, and once again he is going to take us on a journey and bring us safely down to earth.

Christopher Trump:

In the beginning the ages of man were identified by material — stone, bronze, and later, iron. They marked the means of the hunt and of conquest. In the more immediate past we record the Age of Exploration and the Industrial Age. Power was defined by the dimensions of farflung empires and the ability to out-produce others. A nation's place in the sun was measured by its ability to garner the raw materials for its steel mills, shipyards and clothing factories.

Now, for the past quarter of a century or so, the Space Age defined a new benchmark for measuring nations' abilities in a way that is uniquely human — that is, by applying the test of brainpower. It is at one and the same time an age of exploration and a conquest of the unknown. But this time there is no concomitant expansion of empires. Indeed, a 1967 treaty, signed by all members of the United Nations, renounced both weapons of mass destruction in space and the acquisition of extra-terrestrial territories.

From the outset space served as a highly visible arena where nations could demonstrate both leadership and dominance. Its explorations harness our aspirations — our sense of mission, if you will, to extend the human dimension. It is also a fertile place in which to do business — to better our condition here on earth through improved means of communications and surveillance.

It all began with the flight of Sputnik in 1957, a basketball-sized satellite that did little more than go beep-beep-beep as it coursed through the heavens at eight km per second. The story is told by Cosmonaut Vladimir Dzhanibekov that it almost was not first. There were many competing committees in the Academy of Science, each with its own experiments to go aboard. Finally the project leader cut through the dilemma by announcing that none would be installed in Sputnik. The main thing was to get the satellite launched.

And was he ever right. By his insistence it came to pass that the Soviet Union was first and instantly catapulted itself from the backwaters of 19th Century technology — where conventional wisdom had it pegged — into the forefront of the 20th Century. There was huge consternation in the United States. First reports pooh-poohed the feat, noting — quite correctly — that Sputnik did nothing in orbit. In fact, an article in True Magazine even sketched out the notion that it was all an enormous hoax. But gradually it sank in that a new age — the

Age of Space — had been ushered in and that its architects were in the Soviet Union. There began in the late 50s an agonizing appraisal in the United States of what had gone wrong . . . in sum, the quest for a scapegoat.

It is a hallmark of the age that the finger of blame pointed to the educational establishment — that classrooms, labs and textbooks, teachers and students, were all deficient. It may have been the wrong reason, but few wanted to point the finger at the failure of will, which was the root cause of the under-funded U.S. effort to launch a satellite in time for the International Geophysical Year. But it resulted in the greatest outpouring of federal funds ever to revamp the U.S. education scene, with new textbooks, language and science labs, and teacher training. As a public school teacher at the time I recall only one thing that was left out of the mix — teachers' salaries did not go up.

The greatest fringe benefit for the Soviet Union, too, was in the educational field. One example stands out. Prior to Sputnik the best and brightest graduate students in India invariably went to the United Kingdom and North America for further study. Within 10 years of Sputnik, half were going to the Soviet Union. That served as an enrichment of the Soviet academic scene that no world conquest could have rendered.

From the very outset the Soviet plan for space seems to have steered toward broad-based dominance. The nation clearly led in booster strength — the power of its rockets — and followed up Sputnik with the first dog in space, the first man in space and then the first woman. It launched scientific probes toward the Moon and Venus. In what, at the time, was a two-nation "race" for space it meant that the U.S. was consistently coming in second, or last. It was a challenge — the sort that the U.S. has traditionally been at its best in responding to. And respond it did. In the weeks after Sputnik its early launch attempts failed — events that the media shared with a global audience. This heightened the challenge and President Eisenhower forged NASA out of elements of the Air Force, Army and Navy as well as the National Advisory Council on

Aviation. A few months later, in early 1958, the world's second satellite, the Explorer, was launched by a Jupiter rocket from Cape Canaveral. Its instrument payload detected the radiation belts around the world, named for their discoverer, Dr. James Van Allen.

By the early 60s the political fallout from the Soviet dominance was beginning to hurt. It was President John Kennedy who forged the plan and sparked the public imagination to wrest U.S. leadership in space — the program to land men on the Moon and return them safely before the end of the decade. It was bold, imaginative and it worked. To this day the Apollo Program stands as one of the great achievements of the 20th Century. NASA's budget swelled to more than five per cent of the federal budget, with a congruent drop in military space spending. There were few who questioned that U.S. leadership in space was secured when in July, 1969, the word came back from the Moon: The Eagle has landed.

The Apollo missions also stand as the unvarnished expression of space as a mission — as an ocean to explore with even less material motivation than Jason had in his quest for the Golden Fleece.

But this sense of mission also had its downside. After Apollo, NASA's budget plunged well below one per cent of the U.S. federal budget. Today the military space budget is twice as much. As one NASA official recently noted in reflecting on his agency's current woes, we were victims of the F.F.Q. formula. By that he meant: Flags and Footsteps, Quickly!

It is one thing to secure the heights and establish leadership in space. It is quite another matter to sustain public interest in something that is largely allegorical in its dimension and discretionary in terms of tax dollars invested.

Would men have landed on the Moon in this century had it not been for Sputnik? No one will ever know. But the fact that they have done so — and that they were Americans — has resulted in a "mission accomplished" atmosphere that is difficult to shake. Recently McDonnell-Douglas, one of the prime contractors for the Freedom Space Station, prepared a 30-

second television ad that depicted the Soviet space station and noted dryly at the conclusion: Shouldn't we be there too? Interestingly, two of the three major networks turned the ad down as too controversial. Yet, even if it had been shared as widely as are soda pop commercials, the subliminal response of many viewers might well have been: So, what's the rush — the Soviets haven't been to the Moon yet, have they?

Let's flash back a bit, once again, to 1962 — the year the mighty Apollo program was launched. Enter Canada as the third nation to place a satellite into orbit and with it the outline of yet another dimension of the Space Age — space as a place in which to make better our lives here on earth.

Canada's first satellite, the Alouette, was eminently practical in its purpose. The brainchild of Dr. John H. Chapman and his colleagues at the Defence Research Establishment, it was designed to tell us more about the ionosphere, a critical layer of the atmosphere that made possible long-distance radio communication. Its data resulted in more than 300 scientific papers, which made it the most successful of all the early satellites.

As the railroads at the end of the last century helped link us together as a nation, so Dr. Chapman pursued the idea that space was a natural environment with which to link, through communications, Canada's 10 million square kilometers. By placing into geostationary orbit communications satellites we could make calls from Toronto to Inuvik as easily as across town and see the same evening's news in Montreal as well as Resolute. The first of these satellites — in fact the world's first in commercial service to a nation — was launched 10 years after Alouette, in 1972. The Anik A served Canada's needs. However, it was made in the United States.

Chapman pushed hard the concept that Canada should also build for space. Thanks to enlightened government policy and the response of private industry to accept the challenge, by 1982 the Anik D was made in Canada. In that same year the contract was signed for Canadian enterprise to build for Brazil Latin America's satellite communications system.

Sadly, Chapman died at age 59 in 1979, too soon to personally savour the results of his strategy, which was to make Canada an international competitor in space communications.

Today space communication is the one profitable spinoff of the Space Age. Telesat Canada has been consistently profitable since its inception in 1972. At the moment it is funding from its own resources the Anik E which, when launched in 1990, will be the most powerful and versatile such satellite in service over North America.

Space, then, is a place for business. But it still serves that broader sense of mission. At the moment NASA's international space station challenges the skills of engineers in the United States, the nations of Europe, Japan and Canada. Scheduled for construction in the mid-90s, some 24 shuttle flights will carry aloft the struts and structures for assembly of a base 300 kilometers above earth. Eventually it will be the size of three football fields. This means, so large that it will be visible day or night.

With experimental labs provided by the U.S., Europe and Japan, Canada's role will be to supply the Mobile Servicing Centre, a robotic device with three times the capacity of the Canadarm. It will assist in the construction of the space station and upon completion be available for overhaul and repair services.

A commitment by the Canadian government of more than $1 billion over the next 10 years, the space station represents for all of the nations involved the largest peacetime engineering project ever undertaken. For the first time human beings will be a permanent fixture in space, with crews alternating to do research and scientific exploration. Designed to last for 30 years, Space Station Freedom, as it is called, holds the key for unlocking doors, the very existence of which we can only guess at.

Space as a place and as a mission. To advance technology, the Space Age needs a mix of both. Canada did so in the mid-70s when it contributed to the shuttle program with the Canadarm project. This was followed by the naming of six

Canadians as astronauts — selected from more than 4,000 applicants. The presence of these six, more than all of the technological feats of the unmanned satellites, has helped enormously to focus public attention on our role as a spacefaring nation. The reason for this, of course, is quite simple: People relate to people — certainly by far more than to machines.

At the moment the nation that seems to understand this best is France. Its leadership has tapped a wellspring of popular enthusiasm for space that translates itself into a $1-billion annual space budget — the highest per capita of any of the OECD nations. France accounts for fully 31 per cent of the European Space Agency budget — Germany is next with 27 per cent, Italy with 14 per cent, with Britain barely a sustaining member at eight per cent. It is France that has pushed hard for an independent European booster — the Ariane rockets launched from Kourou, French Guiana. But that was only a prelude to Europe's ability to place its own astronauts aloft — the Hermes space shuttle. A full-scale mock-up is on display at the Toulouse space centre, replete with all of the European flags (minus that of the United Kingdom) and that of Canada, an associate member of ESA.

At the outset I had noted that the hallmark of the Space Age is brainpower. That is also its greatest promise. As a beacon for our brightest young people it will surpass all of the benefits to date, be they improved communications or footsteps on the Moon.

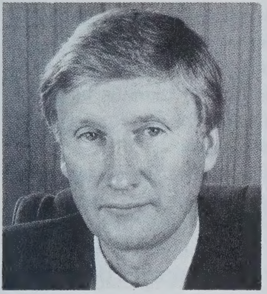
For example, this past summer the first session of the International Space University was held in Boston at the Massachusetts Institute of Technology. The dream of three young men — two Americans, Peter Diamandis and Todd Hawley, and a Canadian, Bob Richards — the ISU raised more than $1 million in one year and attracted more than 300 applicants from 24 nations. Ten Canadians were among the first, their financing covered by the Canadian International Space University Foundation, a partnership of government and private funding to provide the $10,000 fee for each. The foundation served as a model for other nations to follow suit and the young students came from all over the world — 28 from the United States, 16 from European nations, 12 from the Soviet Union, 6 from China, among others. The 240 hours of lectures covered topics from lunar mining to space law. Included in the international faculty were two from Canada — Professors Rod Tennyson and Nicolas Matte, respectively from the University of Toronto's Aerospace Studies Institute and McGill University's Aerospace Law Institute.

In some ways the International Space University is symbolic of the best that the Space Age has to offer — the engagement in common purpose of outstanding young scholars from around the world. Just as nations now vie with one another for the honour to host the Olympic Games, so in time they will compete for the privilege to host the ISU. Such a competition is already in the works for this summer, with Strasbourg, France, beating out competitors in Toulouse and Aachen, West Germany.

The case for space, then, can be summed up in three ways:

> First, it is the ultimate frontier in which to extend the human dimension, with the high promise of increased international co-operation in such ventures.
>
> Second, it is a singular vantage point to advance communications, scientific research and new processes in manufacturing.
>
> Finally — and most importantly — space serves as a beacon for our young men and women to invest their keen minds and aspirations in fulfilling careers here in Canada.

The appreciation of the meeting was expressed by John Freyseng; Partner, Blaney, McMurtry, Stapells, and a Director of the Empire Club of Canada.



March 9, 1989

A. Roy Megarry

Publisher, The Globe and Mail

CANADA – A COMMUNITY OF COMMUNITIES

Chairman: **A.A. van Straubenzee**
President

Introduction:

The subject who is truly loyal to the Chief Magistrate will neither advise nor submit to arbitrary measures. Junius. These words appear every day above the editorial section of The Globe and Mail.

The Globe and Mail, also known as "The Source," prepares us for our day. It is part of my daily breakfast. I can't seem to get going without Your Morning Smile, Jeffrey Simpson's column, The ROB, and Herman comics. There are, of course, the obituaries which I am unfortunately reading daily, Rosemary Sexton, Canada Life weather, the Horoscope, Crosswords and Arts and Entertainment. We advertise in The Globe and Mail and we use Infoglobe on-line information services. Dominion Fashion Magazine and Business Magazine are excellent as are Destinations and Broadcast Week.

Roy Megarry has been the publisher of this giant information vehicle, which is owned by Thomson Newspapers since 1978.

Oh the newspaper business. When a dog bites a man, that is not news because it happens so often. But if a man bites a dog — that is news.

> "The Press! — What is the press? I cried when thus a wondrous voice replied... In me all human knowledge dwells, the oracle of oracles, past, present, future I reveal or in oblivion's silence seal; What I can preserve can perish never, what I forgo is lost forever." James Montgomery, The Press.

The Globe and Mail, Canada's national newspaper, is printed each day via satellite in six Canadian cities and has a circulation of 330,000. The Globe operates its own domestic and international news bureaus. In addition to eight domestic bureaus, it maintains foreign bureaus in Africa, England, the United States, China, Japan, Latin America and Russia. Additional foreign bureaus will be opened in future years.

Prior to his appointment as Publisher of The Globe, Roy Megarry was Vice-President of Torstar, a communications conglomerate, and he was Director of Toronto Star Newspapers Limited. In this capacity he was the architect of Torstar's diversification into publishing and electronic publishing.

Roy Megarry was appointed Controller of Honeywell Canada at the age of 25 and his early career was spent mainly in the electronic industry in finance and general management. He also spent three years in Management Consulting with Coopers & Lybrand. He has his C.M.A.

Megarry is a frequent speaker and writer on third-world development issues and has an ongoing commitment to raising funds and other forms of assistance for two technical schools in a slum of Lima, Peru.

He is a Director and member of the Executive Committee of the Inter-American Press Association; a member of the Board of Directors of The Ireland Fund of Canada; and a member of the National Committee, the Aga Khan Foundation Canada.

In 1982, Roy Megarry and The Globe and Mail spearheaded the $1.5-million fundraising campaign to build Canada's most northern modern theatre facility in Yellowknife, Northwest Territories.

In April 1988, he was the recipient of the Canadian International Business Executive Of The Year award presented by the International Business Council of Canada. The award is to honour business executives who have demonstrated a high level of leadership and imagination in the promotion of Canadian business interests internationally. "Megarry is cited for speaking out on international issues of concern to Canadian business and for contributing to the social and economic advancement of the world community".

When he received his award he discussed a development project which The Globe and Mail sponsored in conjunction with Care Canada and asked Canadian businesses to donate light industrial machinery such as lathes, drill presses and welding equipment to the people of Villa El Salvador in a slum area of Lima, Peru. In closing his request, Megarry quoted former U.S. President John F. Kennedy: "If a free society cannot help the many who are poor, it cannot save the few who are rich."

Megarry was born in Belfast, Ireland, and he emigrated to Canada in 1956 at the age of 19. He is known for enjoying opera, which is one of his loves outside of the newspaper business. There has been an awful lot of activity at The Globe recently, but we are not here to talk about that.

We warmly welcome Roy Megarry to the Empire Club to speak on Canada — a Community of Communities.

Roy Megarry:

Back in April 1981 I addressed your colleagues in the Canadian Club. The topic of my address was Ontario's Role in Confederation. The Canadian Club has not invited me back since! If this fate befell me with the Canadian Club because of what I had to say to them, I must warn you that I have not learned any lessons. I am with you today on much the same topic. I changed the title of my address in the hope that I could sneak past your censor board — and it appears to have worked.

You will remember that 1981 was the time of the controversy surrounding Prime Minister Trudeau's intention to unilaterally change the constitution prior to repatriating it from the United Kingdom. This was the time of the National Energy Program and the Foreign Investment Review Agency; programs that infuriated Western Canadians. This was the time when we had a separatist government in Quebec and an emerging separatist movement in Western Canada.

The unilateral constitutional changes which Pierre Trudeau threatened to introduce included giving Ontario and Quebec perpetual vetoes on constitutional amendments. The Government of Ontario gave its wholehearted support to the Trudeau government's proposals. But opposition from eight other provinces eventually forced the Trudeau government to make major amendments. Canada was really put to the test during that period. Never had feelings run so high.

At that time the Ontario Conservative government was urging Ontario federal Conservatives to vote against their federal Conservative leader. The federal NDP was at loggerheads with most of its provincial NDP colleagues. A separatist movement emerged in Alberta. Six provinces took the federal government to court. Alberta reduced the flow of oil to Eastern Canada because we were not prepared to pay 85 per cent of world prices for its oil. Bumper stickers conveyed the feelings of some Westerners — Let the Eastern bastards freeze in the dark. We paid foreigners world prices but not Albertans and, understandably, they didn't like it.

It was in the middle of all this that I addressed the Canadian Club on the topic of Ontario's role in Confederation. During that speech I mentioned that I had the opportunity as Publisher of The Globe and Mail to travel extensively across Canada and I had reached the conclusion that Torontonians were perhaps among the most parochial of Canadians. That may have done me in with the Canadian Club.

I still believe that Torontonians are among the most parochial of Canadians. I still believe it, but I'm older and wiser now and I'm not going to say it to the Empire Club in case **You** don't invite me back.

I accepted this invitation to address you today because I feel that not enough has changed since 1981.

My topic today is Canada — A Community of Communities.

Joe Clark coined this phrase and I believe that it really sums up what Canada **IS** today. Not what some intellectuals and theorists want it to be — but what our country **IS** today.

Let's look at the roots of this Community of Communities of ours — then perhaps we will better understand it.

Most obvious of these communities is the one defined by our French/English language and cultural differences. This is most often seen as Quebec versus the rest of Canada, but of course it is much more complex than that.

Within Quebec there is a very substantial minority of English-speaking Quebeckers who see themselves as a distinct (and recently threatened) community. And there is a third community within Quebec consisting of the real founders of Canada — our native peoples.

There is a substantial minority of French-speaking Canadians in New Brunswick, in Northern Ontario and Manitoba — all of whom are concerned about language rights and the protection of their culture.

This Community of Communities is further exaggerated by the uneven economic development of our country — the source of have and have-not provinces; by the concentration of head offices, manufacturing and financial services in Toronto and Montreal; by the dependence on agriculture and resources in Western Canada and the Atlantic provinces versus the more stable source of wealth in central Canada — manufacturing and services.

This sense of Community of Communities is further reinforced by the way Canada was populated during the past century. Wave upon wave of new immigrants — French, English, Scots, Irish, Italian, Ukrainians, Chinese, — and numerous others — settled in particular parts of our country.

They were not Canadians migrating from east to west, as happened in the United States. These were immigrants who brought to Canada their different attitudes, different skills, different aspirations. They endured unbelievable hardships; in the early days they opened up the wilderness; they developed the land. They came from ancient countries that had developed strong symbols, a sense of nationhood, distinct cultures. And they arrived in a country that had none of these symbols or trappings of nationhood. Under these circumstances is it surprising that we are a community of communities?

But it doesn't stop there.

The reasons for the differences in perception from one end of Canada to the other, have a great deal to do with our geography. We are not just a country, we are a continent. The second largest land mass in the world. Five times zones. In Europe it would take more than 20 different countries with 20 different languages to constitute the land mass of Canada.

If we want to start at the beginning in tracing the roots of this Community of Communities of ours, we don't start, as most people do, with our so-called "two founding peoples" — French and English. The real founders of Canada of course were our native peoples. The native people formed the original Community of Communities.

Given all this, plus the pull of our powerful neighbour to the south, the wonder is that we have survived as a country and developed our own national identity.

I was not born in Canada. I arrived on Canadian shores 33 years ago as a 19-year-old immigrant. So I never took anything for granted about Canada. I had to learn from experience.

I had been in Canada almost 10 years before I travelled outside southern Ontario. One experience on that trip will stay with me forever. And it has taught me more about the nature of this country of ours than anything that I have learned since.

I was a management consultant in those days and had been sent to Saint John, New Brunswick, to do some work for one of the K.C. Irving companies. During one of my early days on the assignment, one of the partners of the accounting firm responsible for the Irving audit asked me out to dinner. A typical Maritimer, he was a wonderful host, put me right at ease and we were having a great conversation. The subject turned to politics and more than once I heard him use the phrase "You people in Upper Canada." After the second or third such reference I said to him in amazement: "You use that phrase just as if we were from another country." He looked at me equally amazed and replied: "But of course we feel that way. You make us feel that way. We are Canadians — you people are Torontonians." And he was deadly serious. And I have come to know that his view is shared by many Canadians.

I have briefly outlined some of the historical, geographical and economic reasons that have placed, and continue to place, obstacles in our path towards national unity. But 122 years after Confederation, with better communications and better transportation, one would have thought that many of these differences would have started to disappear.

It is easy to trot out the nation-building symbols such as:

— The two national railroads in the early days of Confederation
— The CBC
— The TransCanada Highway
— Air Canada

— The TransCanada PipeLine, and others.

These are all fine examples of political will at work building our sense of nationhood. We hear them referred to over and over again, so much so that I fear we have come to fall into the trap of believing that physical infrastructure — transportation and communications — defines a country.

Physical infrastructure in a country as large and complex as ours is certainly very important, and Canada would not have survived as an independent country without it. But there are other equally important factors, that are essential to building a sense of nationhood and national unity. Let's look at a few of these.

We only got around to having our own Canadian flag in 1965. It was only in 1947 that we could call ourselves Canadian on our passports — up until that time we were known as British subjects. It wasn't until 1982 that we could amend our Constitution in our own Parliament. Prior to that time we had to go to Westminster. We have only had our own national anthem since 1967. The last province, Newfoundland, only joined Confederation in 1949.

And there was an outcry, particularly in Ontario, when we decided to abandon a *foreign* flag (the red ensign) in place of our own national flag.

Why did we attach so little importance to these issues? Why did it take so long to express our sense of nationhood through our own national symbols?

Then there is our treatment of Quebec — the home of one of our three founding peoples. Six million Canadians live there. Over five million of them are French speaking. They have clung tenaciously to their language and their culture against overwhelming odds.

If Canada is unique — and many of us think it is — surely one of the most important aspects of our uniqueness is Quebec and the French culture.

Quebeckers have played an important part in nation-building — from the voyageurs to Laurier, St. Laurent, and Trudeau. Since Europeans first landed in Canada, Quebeckers have played vitally important roles in exploring and developing our country. For most of the period since Confederation, Montreal was the industrial and financial heartland of Canada. Yet up until the 1960s English-speaking Canadians dominated the economic life of Quebec. The quiet revolution began the process of change.

Why have some of us been so resentful of their differences and the survival of their language and culture? Why did we drive Quebeckers to believing it necessary to form a separatist party and electing a separatist government in the late 1970s? Why didn't we admire their determination to cause their culture to survive? Why were we not more generous, sooner, in encouraging and assisting the survival of their culture in Quebec and elsewhere in Canada?

If French-speaking Quebec and English-speaking Quebec have felt alienated — with each other — and with the rest of the country — there are reasons for that alienation. They are two of the communities that make up our country. They have different priorities, different languages, different cultures, different aspirations — and the same rights as the rest of us to pursue them. If we in Ontario want to have national unity we have to not just accept this but be prepared to help them achieve their aspirations.

Now let me switch from Quebec and culture — to Western Canada and economics.

For over 80 years central Canada benefitted from a tariff policy that caused our manufacturing sector to flourish. A tariff policy that created enormous wealth for Ontario but at the same time forced the rest of the country to pay more than world prices for our manufactured goods. This tariff policy has been a source of east-west tension for decades.

With the escalation of oil prices in the 1970s Western Canadians felt that their day in the sun had arrived. But the political power of central Canada produced the National Energy Program and a two-price system for oil and gas. We were prepared to pay foreigners world prices but not Western Canadians. We were prepared to observe other countries allowing escalating energy prices to expedite energy conservation while central Canada continued with its wasteful ways.

We were prepared to force the rest of the country to pay more than world prices for consumer goods in order to foster manufacturing in central Canada — but central Canada was not prepared to pay world prices for oil and gas.

And were you surprised when a separatist movement emerged in Western Canada? Were you surprised when the flow of oil was reduced to central Canada? Were you surprised to learn about another community in Canada — a community that felt that it was not getting its fair shake out of Confederation?

And, more recently, we have the spectacle of the Ontario Government opposing the Free Trade Agreement with the United States — using the spurious argument that we should pursue the GATT route instead.

Put yourself in the position of a Western Canadian observing Ontario's position on this issue. Here is a province, Ontario, that has benefitted enormously from a form of free trade in automobiles with the U.S., but is telling the rest of the country that it will oppose an expansion of free trade into other products and services. Then, to add insult to injury, when Ontario is presented with the GATT ruling on wine, it threatens to defy that GATT ruling.

Both positions leave Ontario with little credibility that it has the interests of the county at heart.

FIRA, the Foreign Investment Review Agency, was another thorn in the side of the provinces east and west of Ontario and Quebec. Think about it. For most of this century foreign capital had played a vital role in building the economies of Ontario and Quebec. Then when the Federal Government decided Ontario and Quebec had had enough of it, through FIRA, they place impediments in the way of other provinces who desperately needed investment and didn't care whether it was domestic or foreign.

It was a Federal Government policy that caused a $600-

million petro chemical facility to be built in Sarnia in 1976, using oil as the feedstock. Alberta wanted to use natural gas as the feedstock and produce it in Alberta. We had a shortage of oil and a surplus of natural gas. Yet we went ahead with the Sarnia facility.

Does it really come as a surprise to Torontonians that we are not as united as you would like us to be?

Repatriating our Constitution, creating our own national flag, introducing our own national anthem — creating these national symbols — all of these events should have contributed to nation-building. But at that time they created disunity. And we can't blame God and nature and geography for that. We brought it on ourselves. And if you add programs such as NEP and FIRA and many others, too often, these seeds of disunity have been sown right here in central Canada.

- We want to make our manufacturing sector competitive — cheap oil and gas from the West will help.
- We are concerned about the scale of foreign investment in central Canada — discourage it through the whole country.
- We want to speak English in Montreal and be understood but we do not want to provide the same facilities to French Canadians outside Quebec.
- How many of us got excited about the prohibition of English signs in Montreal? And how many of us got excited about the fact that a French-speaking Canadian, an elected representative, was refused permission to speak in French in the Alberta legislature?

And the media contribute to this sense of alienation between various communities that make up Canada.

Let's start with ownership.

— The Southam chain of newspapers which owns the dominant newspapers in Vancouver, Calgary and Edmonton, is based in Toronto.

— Toronto Sun Publishing owns the No. 2 newspapers in Calgary and Edmonton.

— Thomson Newspapers, which owns The Globe, is based in

Toronto and owns the major newspapers in Victoria and Winnipeg. Thomson also owns 10 other newspapers in Western Canada.

- The Globe and Mail (Canada's National Newspaper *or* Canada's so-called national newspaper, *or* Canada's self-styled national newspaper) is headquartered in Toronto.
- Maclean's Magazine and a dozen other mass circulation magazines are headquartered in central Canada.
- In broadcasting, the CBC and CTV networks are headquartered here, And on and on . . .

Western Canada and Canadians in our Atlantic provinces learn about Canada through the eyes of media outlets headquartered in Toronto. What's important in Canada is too often determined by central Canada media outlets.

Let me give an example from my own newspaper to make the point. I was in Vancouver two weeks ago and opened up my copy of The Globe and Mail to read two front page stories headed:

- "Toronto courtroom sees Western-style meting out of justice."
- "Toronto Catholics face year's wait before they can march to the alter."

Fortunately for me, I left town early that morning and did not have to explain to Vancouverites why these earth-shattering events in Toronto were important to them. Or why we had invested tens of millions of dollars to develop a national newspaper that could speed news of these breathtaking events in Toronto to their doorstep.

I know why these things happen and William Thorsell thinks he knows how to put a stop to it. Every central Canada based media outlet is guilty of it.

How do you feel about an elected Senate? How do you feel about an equal and effective Senate — the Tripel-E Senate? This is shaping up to be the next battle ground, the next test of national unity, the next clash of our Community of Communities.

Given the experiences of the other provinces, other than

Ontario and Quebec, why wouldn't they want a Triple-E Senate? And where do you stand on Meech Lake? Does it bother you that we have a Constitution not agreed to by our second largest province? Supposing Ontario had not signed the Constitutional Accord in 1981. Would you consider it legitimate? If the other provinces and other interest groups were all clamouring to have their special interests addressed in the next constitutional amendment — without first getting Ontario on board — how would you feel? I'll tell you how you'd feel. You'd be madder than hell. You'd feel alienated. You'd feel like an outcast. You'd feel like no one was taking you seriously.

Perceptions are everything. How do Torontonians perceive the rest of the country? How does the rest of the country perceive Torontonians? We have to make a greater effort to put ourselves in the shoes of the other communities that make up Canada.

Inflationary pressures are building up in Toronto. The Bank of Canada forces up interest rates to put a damper on things. As a result, the rest of the country suffers from our excesses. In this instance I don't disagree with the Central Bank's policy (we can't have a policy of higher interest rates in Ontario and lower interest rates elsewhere — it just won't work) *but* if we have not built up a storehouse of goodwill over the years; if we have not demonstrated a willingness to be sensitive to the needs and aspirations of other parts of the country — then don't be surprised if the Bank of Canada policy is referred to as the Bank of Toronto policy. And don't be surprised if other provinces feel a need for a Triple-E Senate.

Think about the dilemma we are facing. Quebec and the Western Provinces want more provincial autonomy. Most of the provinces, except Quebec and Ontario, want a greater say at the federal level — the Triple-E Senate for example. How are we going to reconcile these differences?

All of us observing the struggle taking place between our various communities — the native people's land claims and demands for self-government, Meech Lake, the Free Trade

Agreement, a Triple-E Senate to name just a few — all of us observing this process should be aware of what happens when existing political structures do not adequately represent important segments of the society that they are supposed to serve. When this happens, it is inevitable that frustration will grow, and if these forces are persistent enough and powerful enough, they will one way or another cause these political structures to be changed.

It was this situation that provoked a Quiet Revolution in Quebec; it was this situation that produced a separatist party and a separatist government in Quebec. It was this situation that produced a constitutional crisis in 1981. Seven provinces (excluding Ontario, New Brunswick and Quebec) forced the federal government to back down. And it is happening right now in Alberta with their decision to hold elections to elect candidates for the Senate. Western Canadians have been complaining for decades that they are dissatisfied with the existing political power-sharing arrangement. In central Canada we haven't taken these complaints seriously enough — so now we are headed for a confrontation.

Globe and Mail reporter Susan Delacourt in a story on Saturday, February 18, reported that:

> "...More than 120 years after the nation was founded, a populist movement of western farmers and frontiersmen pulled together their own senate election, in which every voter would help to choose the next representative. It would not have the force of law, but it might exert enough political pressure across the country to change the system forever. It worked.
>
> This is not the story of Alberta in 1989, but of Oregon early in the century."

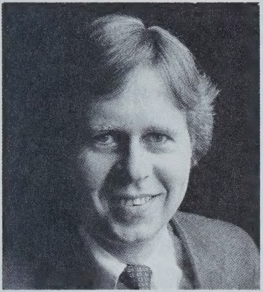
By 1913 all the states were following suit and thus the 17th amendment to the United States Constitution was born whereby senators were elected.

Ontario has a vital role to play in helping to resolve the current stresses and strains in Confederation and I ask all of you to open your hearts; to open your minds; to work harder at understanding Canada; to recognize that there are legitimate reasons for the differences in perceptions and aspirations among the different regions of our great country. And to work harder at understanding Canada so that we can make our contribution to the solution of our current problems. To accept the fact that the power-sharing arrangements in our country are going to have to change.

There is nothing particularly logical about Canada. If we simply wanted to be logical, we'd look at North-South alliances, not East-West ones. We are Canadians because of what we feel in our hearts and it's time for all of us in Ontario to open up our hearts to assist other provinces to realize their potential — as we have achieved ours.

Canada, our Canada, is a country of spectacular beauty, of immense riches, of inspired people, of great accomplishments and even greater promise. It is also a country of endless argument, of political indecision, and of enormous preoccupation with whether it should be a country at all. We are a country of choices and challenges. What better place to be?

The appreciation of the meeting was expressed by Larry Stout; Partner, Fraser Kelly Corpworld Incorporated, and a Director of the Empire Club of Canada.



March 16, 1989

Dr. J. Robert S. Prichard

Dean of Law, University of Toronto

MEDICAL MALPRACTICE – IS THERE A CRISIS?

Chairman: **A.A. van Straubenzee**
President

Introduction:

> Educators should be chosen not merely for their special qualifications but more for their personality and their character because we teach more by what we are than by what we teach. (William James Durant)

In December, 1986, I asked a number of senior educators and businessmen whom they thought I might go to visit, someone that was an outstanding leader in the field of education. Many people suggested Rob Prichard, Dean of the University of Toronto Law School.

He was kind enough to spend several hours with me, giving me his views on a critical issue that had to do with independent schools of that day.

I was reading my letter of thanks to him and noted that I said to him:

> . . . it is no doubt a tremendous source of satisfaction to you to see your faculty continue to keep your law school in the forefront of such educational institutions in this country and to attract the very best students.

He was excited about his job because, he said, it kept him in touch with some 1,200 professionals, where every day he stood to learn from their intellectual curiosity and creativity.

Rob Prichard is a Canadian, born in 1949, married and the father of three sons. He is a family man.

As you would expect, he is also a scholar, educated at Upper Canada College; Swarthmore College, where he received an honours degree in economics in 1970; the University of Chicago, where he received his MBA in 1971; the Faculty of Law at U of T where he was awarded his law degree in 1975; and the Yale Law School, where he received his Masters in Law in 1976.

Awards and prizes were many.

He received the 1975 Angus MacMurchy Gold Medal for standing first, the Dean Cecil A. Wright Key Prize, the McCarthy and McCarthy scholarship, and the Davies Ward Beck Prize. He was a member of the team that won the Canadian International Law Moot competition in 1974. In Graduate School, he received the Viscount Bennett Fellowship in 1976 and the Yale Law School Fellowship in 1986. As a scholar he has written many articles and books. He has stood before many impressed audiences.

He has been teaching law since 1976. He has been a visiting professor at both Yale and Harvard. He has been an associate at the Centre for Industrial Relations at U of T. He was appointed Dean of the Faculty of Law at U of T in 1984.

Many of you will know that that great Law School was founded by a man we refer to as Caesar Wright. I can recall, on one occasion, a number of students re-entering the building after a boozy afternoon at the Jolly Miller tavern in Hogg's Hollow. As we entered the doors, a few people were overheard to say "Hail Caesar"'

"For once," said the Dean as he made his exit, "you've got something right."

The law school was also, for a time, the home of Bora Laskin who became such an outstanding Chief Justice of Canada. Our guest spearheaded a campaign that raised more than $10 million for the faculty's new law library named after the late Chief Justice. It will be one of the most impressive libraries in North America. Toronto Life recently praised Prichard as being enormously able and, at age 39, someone to keep an eye on for even greater things.

The Dean is, of course, involved in a wide variety of activities, not the least of which is acting as Chairman of the Committee of Ontario Law Deans and Governor of the Canadian Law Scholarship Trust. He is also a member of the Board for the Ontario Centre for International Business.

More publicly, this fine lawyer is a member of the Ontario Law Reform Commission and, from 1977 to 1986, was Vice-Chairman of the Crown Employees Grievance Settlement Board for the province of Ontario. He was Director of Research for the Alaska Highway Pipeline Inquiry in 1977 and is a consultant to a number of government agencies in the area of competition policy and consumer and corporate affairs.

And one of his interests has been as Chairman of a government review of Liability and Compensation issues in health care. His topic today will be:

Before calling on him, I would like to quote Daniel Webster, who said:

> Justice, sir, is the greatest interest of man on earth . . .

And also the late U.S. president Dwight Eisenhower:

> . . . that the clearest way to show what the rule of law means to us in every day life is to recall what has happened when there is no rule of law — the dreaded knock on the door in the middle of the night.

Dean Robert Prichard:

About 16 months ago I was invited by the governments of Canada to inquire into and report on the issues surrounding medical malpractice in Canada. In formal terms I am the chairman of the Federal-Provincial-Territorial Review on Liability and Compensation Issues in Health Care. Today I want to share with you the principal findings of my inquiry and indicate the avenues of reform that, at this stage, appear most promising to me. I must make my final report to the Conference of Deputy Ministers of Health in June and I will be very grateful for any reactions or suggestions you may have.

In choosing to devote this distinguished forum to the issue of medical malpractice, many of you may think I have chosen too narrow a topic, one of interest perhaps to the members of the Toronto Medico-Legal Society but not one of compelling concern to the broad sweep of interested citizens represented by the Empire Club.

However, I want to suggest in my remarks today that the challenge presented by medical malpractice is but a microcosm of the much broader phenomenon of personal injury and disability in Canada. And how we deal with these victims, regardless of the source of their injury or disability, will tell us much about our society, as one of the most compelling tests of a liberal democracy is to ask how it treats its least advantaged members. My remarks are divided into three parts: the background to the problem, the principal findings of my inquiry, and the implications for reform.

(A) The Background

Until the latter part of the 1970s medical malpractice was not understood as a serious problem for Canadian physicians. While the United States experienced its first medical malpractice crisis in the mid-1970s with greatly increased levels of litigation, damages and insurance premiums, Canadian physicians were largely spared the agony. Since the turn of the century most Canadian doctors have been members of the Canadian Medical Protective Association (CMPA), a self-defence organization that had provided them with first-class legal advice and defence at a very modest cost. While there was some growth in the number of claims in Canada in the early 1970s, the total number of successful claims across Canada never exceeded 100 in a year before 1980 and it was generally accepted that medical malpractice was one problem that we did not face in acute form.

By late 1987 when I was appointed, the situation, at least as perceived by the medical profession, had changed sharply. The number of lawsuits against doctors had increased rapidly; insurance rates for doctors had increased dramatically; newspaper headlines regularly reported large personal injury judgments; and many representatives of doctors voiced their anxieties and concerns. Many began to suggest the increased litigation activity was damaging to the Canadian health care system, inflicting costs and distorting therapeutic and clinical judgments.

The cries from the medical profession were joined by some members of the judiciary. Led by the Honourable Mr. Justice Horace Krever, these judges suggested that there was an urgent need for reform. This convergence of medical and judicial concerns about the current system of medical malpractice litigation found a sympathetic ear in the governments of Canada and they in turn created my inquiry with a mandate to measure and understand the major trends in this area and to make recommendations for reform.

(B) The Principal Findings

What then are the actual facts about the growth and current state of medical malpractice litigation in Canada? Let me share with you my seven principal findings.

First, by any measure there *has* been a significant escalation in the liability of health care providers in Canada over the past 15 years. Furthermore, this increase in medical malpractice litigation has been more severe than the increases during the same period in litigation against lawyers, accountants, architects, dentists, engineers and other professionals.

In gross terms the increase in litigation frequency has been about six-fold during the past 15 years. However, if the increase is adjusted for the growth of the number of doctors in Canada during this same period and the rising percentage of doctors who are members of the CMPA, the increase is only about two-fold. Furthermore, if one also takes account of the fact that doctors are providing significantly higher levels of services per physician today as opposed to 15 years ago, then 80 per cent of the growth in the number of claims against the physicians can be explained as a simple function of the number of medical services provided.

Put differently, the overwhelming portion of the growth in litigation against physicians is a direct result of the increased number of physicians in Canada and the increased number of services each physician is providing. In simplest terms, as health care expenditures grow, medical injuries grow and medical malpractice claims grow.

The *second* major finding is that the growth in medical malpractice claims over the past 15 years has occurred despite the absence of any important changes in the relevant law. A patient can only succeed in a suit against a doctor where the patient is able to demonstrate that his or her injuries have resulted from negligent conduct. This has been the test from the earliest days of medical malpractice litigation and it continues to be the fundamental rule across Canada today.

The one area in which the law has changed deals with the doctrine of informed consent. Here the Supreme Court of Canada in the past decade clarified and enlarged the rights of patients and the obligation of physicians to ensure that patients fully understand the medical procedures to which they consent. While these decisions of the Supreme Court did introduce meaningful change in the law, that change accounts for only a tiny portion of the growth in claims that we have experienced.

The *third* principal finding is that accompanying the growth in medical malpractice claims has been an even more rapid increase in insurance costs for doctors. This increase has been real, significant and disturbing for physicians. The rapid increase occurred for three reasons. First, the actual number of claims has increased. Second, in the early 1980s, the CMPA introduced risk rating of different types of practice and assigned higher membership fees to the higher-risk types of practice including anaesthesia, neurosurgery, orthopedics, and obstetrics. Third, again in the early 1980s, the CMPA decided to begin to reserve funds against future liabilities instead of following its previous practice of meeting current payments out of current revenues.

These latter two decisions — risk rating and reserving — were based on prudent insurance principles but they had the effect of greatly accelerating the rise in insurance costs for physicians in the high-risk categories. Some specialists experienced rate increases as high as a forty-fold increase over a small number of years. Where the fees had previously been of the order of $250 annually, they had quickly escalated to the neighbourhood of $10,000 per year per physician.

This rapid fee increase would be disturbing to physicians at any time but it came at a particularly inopportune time in that it coincided with the ban on extra billing with the result that physicians were deprived of a possible means of passing on the costs just at the moment they were experiencing the most acute cost pressures.

The growth in membership fees was taken by many physicians as clear evidence that there was a rapidly escalating crisis of malpractice suits against doctors. In this respect, the membership fees were somewhat misleading in that they had increased at a much higher rate than the litigation activity itself. But understandably, physicians and other observers armed with little other information relied on the increased membership fees as the best evidence of the developing crisis.

Fortunately there has been a significant easing of the insurance cost pressures over the past couple of years. Across Canada the provincial governments have responded to the situation by agreeing in one form or another to share with physicians the burden of the increased insurance costs. While the particulars of the arrangements struck by negotiation between doctors and governments across Canada vary, it has become widely accepted as unfair to leave the full burden of these increased costs on physicians, and governments have accepted a portion of these costs as an appropriate factor in adjusting the fees schedule annually. This has significantly dissipated the financial pressures associated with the increased membership fees although it has not eliminated the widely held impression among physicians that there has been far too rapid an increase in the levels of malpractice litigation against them.

My *fourth* principal finding is that medical malpractice litigation is very expensive. This came as no surprise. Medical malpractice litigation is among the most complicated, time consuming, demanding and complex kinds of personal injury litigation. The issues are inherently complex; the injuries are frequently very serious; professional reputations are usually at stake; scientific evidence is often elusive and disputed; and the work attracts many of the finest lawyers representing both defendants and plaintiffs.

A very substantial percentage of the CMPA membership fees do not get paid to injured patients but rather are consumed by the costs of legal defence. Until 1975 the expenditures by the CMPA on legal fees were approximately equal to the payments made to injured persons. More recently, the latter have somewhat exceeded the former, but particularly when account is taken of all the legal fees, the cost of the court system and the time and energy of everyone concerned with litigation, in excess of 50 per cent of all the money spent goes to the expenses of litigation and not to the injured patients for purposes of compensation.

The *fifth* principal finding relates to the impact of malpractice litigation on the quality of medical and hospital services provided in Canada. It is on this subject that I received the most divergent expressions of views and it is on this subject that the rhetoric is most exaggerated. Many representatives of the medical profession claim that malpractice litigation has had deleterious effects on the whole realm of health care, alleging that in response to the threat of liability physicians have altered their conduct in ways that are not in the best interests of the patient or the health care system at large.

Some claim physicians order unnecessary and expensive tests; some claim that physicians are reluctant to try new and innovative procedures; some claim that physicians have become unduly cautious in their suggestions for treatment; some claim the burden of meeting the legal requirements has disrupted the physician-patient relationship; and some argue that physicians, particularly in higher risk specialties like obstetrics, have left the field rather than face the continuing pressures, anxieties and costs of the threat of malpractice litigation.

Those on the other side of this issue see it starkly differently. They see the threat of malpractice action as an important stimulant to physicians to behave in accordance with the requirements of first-class medical practice and to act carefully at all times in the best interests of their patients. Proponents of malpractice litigation argue that it helps keep physicians and other health-care workers on their toes and that in the absence of the threat of litigation we would risk complacency, sloppiness, inattentiveness and undue risk taking. They also point to the general inadequacies of the self-regulating mechanisms of the medical professions such as discipline committees to deal with the problem of malpractice. Thus, the critics argue, we must rely on the constant threat of a plaintiff's action to expose physician conduct to scrutiny before a judge in order that doctors know that any time their conduct can be called into question.

In my view, the strongest claims on both sides of this issue overstate the case. It is also my view that there is an element of truth to most, if not all, of the claims that are made on both sides. There are clearly both good and bad effects of the threat of litigation. In order to measure these effects we commissioned three extensive case studies of anaesthesia, obstetrics, and family practice across Canada. But even the results of these case studies are open to competing interpretations. They provide some support for many of the allegations on both sides of the issue but, like everything else I have heard and read on this subject, make clear that what is required is a judgment which balances the good and the bad effects of the threat of litigation.

My findings on this question is that on balance the good effects of the threat of litigation outweigh the bad. That is, on balance and in simplest terms, I believe that the quality of health care provided by our physicians and hospitals is higher than it would be in the absence of the threat of litigation. I do not doubt that there are some perverse effects of the threat of litigation. However, on balance, the evidence I have read, the interviews I have held, and the consultations I have engaged in have persuaded me that the benefits of the threat of litigation outweigh its ill effects.

My *sixth* principal finding is that despite the growth in litigation, only a very small percentage of persons suffering avoidable health-care injuries receive compensation. In 1987 less than 250 injured patients received compensation of any kind from medical malpractice litigation, whether by way of settlement or trial judgment, anywhere in Canada. To put that number in perspective one needs some estimate of the number of avoidable health-care injuries suffered annually in Canada. While there is no direct evidence available, numerous studies done elsewhere suggest that the number of such injuries dwarfs the number of persons receiving compensation at present in Canada.

For example, in Sweden, which has a compensation system for avoidable health-care injuries, the number of persons receiving compensation on a population adjusted basis would be 7,500 per year compared to the current 250 in Canada. Similarly, if one looks to the United States, we see that 10 times the number of victims of health-care injuries are recovering compensation through litigation than is the case of Canada, and studies of medical records in both California and New York suggest that the number of persons receiving compensation through litigation is perhaps only one-tenth the number of persons suffering compensable injuries.

Thus, the Swedish data would suggest only one-thirtieth of the number of persons injured annually in Canada are receiving compensation through malpractice litigation while the American data would suggest a number as small as one in 100 are receiving compensation. Whatever the exact number, it is clear that the current malpractice litigation system in Canada is providing redress for only a tiny percentage of the persons suffering injury and requiring compensation.

This conclusion leads to my final finding which is that despite the growth in litigation over the past 15 years, there is enormous opportunity for further growth in the next decade or two in the absence of a change in our policies in this area. If even 10 per cent of those suffering injury were to initiate actions against physicians in hospitals in Canada, the growth of litigation that we have experienced in the past 15 years would seem modest indeed compared to the growth over the next 15 years.

Do these seven findings in aggregate amount to a crisis? I think crisis is too strong a word to describe the situation. But it is a serious situation that imposes significant costs, pressures and anxieties, leaves a significant number of uncompensated people, and raises significant opportunities for reform.

(C) **Implications for Reform**

What should we do? Can we do better than what we are doing at present? I believe we can. Furthermore, if we are to be true to the principles of social justice which have informed the development of our health-care system and our social welfare policies, I believe we must do better.

Any strategy of reform must be informed by goals against which the proposals can be judged. I suggest four benchmarks. *First*, what will be the effect of the proposed reform on the frequency of avoidable medical injuries? The single best thing we can do about medical malpractice is to reduce it. All proposals for reform should be informed by that simple reality. *Second*, will the proposed reform achieve its goal at the lowest possible cost? *Third*, will the reforms be fair to those principally affected: injured patients, physicians, and other health-care workers? *Fourth*, do the reforms move us closer to our ideals of social justice, particularly with respect to how we as a society respond to those suffering serious and unanticipated health-care injuries with a resulting significant need for compensation.

With these criteria in mind, let me sketch the outlines of an appropriate strategy for reform. It has three major components.

First, we should continue to permit medical malpractice litigation for negligently caused injuries. I believe it would be unwise to accept the proposition argued by some that we should prohibit medical malpractice actions, replacing them entirely with a no-fault compensation system. The elimination of medical malpractice actions would run contrary to the goal of reducing the frequency of health care injuries as the threat of litigation serves a useful role in minimizing injuries. We would remove it at our peril. That said, we can improve the current negligence litigation system, particularly as it applies to medical malpractice. We can introduce reforms with respect to the calculation and payment of damages; we can greatly enhance the quality of case management; we can have faster and cheaper disposition of the litigation; we can reduce the risk of frivolous actions; and we can take a variety of other steps designed to maximize the benefits and minimize the costs of permitting malpractice actions.

The *second* major area of reform is to increase the responsibility of hospitals and other institutions for the quality of health care. The great majority of medical malpractice giving rise to liability occurs in hospitals. We must recognize that the provision of high-quality health care is often a team responsibility, drawing upon multiple inputs of which physicians services are but one. While at an earlier date the physician may have been properly understood as acting alone in the provision of medical services, there can be no doubt that modern medicine depends on both highly professional individuals and well organized teams of properly equipped doctors and other health-care professionals.

The medical profession has been slow to accept the institutional implications of this shift in the medical paradigm. Longstanding tensions between individual professional responsibility on the one hand and institutional leadership and control on the other have retarded the development of fully co-operative and mutually reinforcing collective responsibility.

This must change. It is clear that many of the causes of health-care injuries are systemic and that change at the institutional level rather than the individual physician is required. Early initiatives and experiments with quality control and risk management programs in hospitals have shown very promising results. Numerous leading hospitals across Canada have taken very substantial steps in the right directions. In my view we need to take every step possible consistent with facilitating, encouraging, subsidizing, mandating and otherwise bringing about further steps in this direction if we are to pursue to the fullest the goal of minimizing the risk of medical injuries.

There is one element within this strategy of institutional responsibilities on which I am undecided at present. This relates to the question of institutional liability. At present, as a general rule, hospitals are not liable for the negligence of physicians working within them although they are liable for the negligence of all the other health-care workers in the institution. This is different from the case of a corporation's responsibility for its employees, of a law firm's responsibility for its partners and employees, and a university's responsibility for its professors. The explanation in law is that since doctors are not normally either employees of the hospital nor partners with one another, the rules of vicarious and joint and several liability do not apply.

Some commentators have suggested that the cause of encouraging institutional responsibility would be advanced by changing the law to make the hospital liable for the fault of physicians working within them. Support for this proposition comes from authority as high as that of the Honourable Chief Justice Charles Dubin in his report on the Hospital for Sick Children in 1983.

This proposal is resisted, however, by virtually all representatives of organized medicine across Canada, including the Canadian Medical Association, and by many lawyers working in the health-care field. They fear it would threaten the autonomy and professionalism of the individual physicians and would run the risk of placing non-physician hospital administrators in a position of authority over physicians working in the institution to the detriment of the patient–physician relationship. The competing claims in this area are difficult to assess and I have some final reflection to do myself.

If we take these two steps of maintaining and improving negligence actions and increasing institutional responsibilities with attention to quality control and risk management programs, we will have gone some considerable distance to minimizing the risk of avoidable medical injuries. We will not, however, have made progress on the goal of social justice.

We would continue to leave most people who suffer medical injuries without meaningful recourse, leaving them to bear their own losses except to the extent that they have private disability insurance.

I should emphasize that the medical injuries I speak of are often serious, almost always unexpected and frequently leave the victims suffering disfigurement, disability, paralysis or death. In my view it is simply not good enough for us to ignore the majority of these victims. If we are to be as compassionate and caring as we can and should be, we need to find ways to provide a decent level of compensation for these victims without further burdening the malpractice litigation system. That is, I believe, we should take seriously the prospect of designing a compensation system for those suffering medical injuries that would not replace tort law but would provide an available and accessible alternative which would ensure a far greater proportion of those suffering injury receive some compensation.

There is precedent for such a scheme. For more than a decade such a scheme has been in place in Sweden and it works well. It has now been adopted across Scandinavia. In the United Kingdom, the British Medical Association has also proposed an experiment along these lines having concluded that the current negligence litigation system is inadequate.

I believe the time has come for us to put in motion a policy process which would lead to the development and implementation of a compensation scheme directed at those suffering serious medical injury and who are in real need. In designing such a system one must address head-on the problem of determining which injuries would fall within the compass of compensable health care injuries and which are better understood as simply symptoms of illness and disease. This problem of definition presents a formidable challenge, but no an insurmountable one.

Some suggest that it is unprincipled to design a scheme that is confined to health-care injuries, arguing that health-care injuries can make no better claim for compensation than a wide variety of other injuries and disabilities including product injuries, home-maker injuries, sporting injuries and all forms of naturally occurring illness and disability.

At one level I agree with the critics. We should do our best to address and remedy the deficiencies of our social welfare system as they affect each of these categories of injury. I reject, however, the proposition that in the absence of simultaneous progress on all fronts in respect of all injuries and disabilities we should abandon the goal of progress in more narrowly focussed areas. The opposite has been the Canadian experience. We developed a special compensation scheme over half a century ago to take account of workplace injuries. Similarly, we have rejected exclusive reliance on negligence litigation for automobile accidents having developed schemes of partial and comprehensive no-fault benefits. And similarly, all provinces of Canada have supplemented the negligence system with a scheme of compensation for victims of crime.

In other words our tradition has been one of incremental progress taking identifiable forms of injury and disability and doing our best to develop appropriate remedies. Such a strategy for reform may fall short of perfection, but it strikes me as a good deal better than the paralysis that might infect our policy-making process if we insist on simultaneous progress in equal degree with respect to all forms of disability.

In a liberal democratic society we should take advantage of every opportunity for improvement and every opportunity for incremental change that presents itself. If we look forward a quarter century I anticipate that we will have moved towards a universal compensation scheme for all Canadians for all forms of injury and disability. However, I do not think we will arrive at that result in one large step but will get there by virtue of a host of smaller steps. Our response to medical injuries offers one such step.

Some will no doubt view the proposal for a compensation scheme for medical injuries to supplement the existing tort litigation system as too radical and too expensive, preferring to maintain the status quo. However, the status quo is not an option that is likely to be available. The cost of complacency in this area will not be to stand still but rather to slide backwards. In the absence of some significant steps being taken to provide an alternative to negligence litigation for the victims of medical injury, I predict that we will see ever increasing numbers of suits with ever increasing costs causing ever increasing distress to physicians and ever increasing insurance premiums for their practices.

As I stated earlier, there is a vast area of growth possible in medical malpractice litigation and unless we take steps to relieve the pressures for compensation placed on the medical malpractice litigation system, that growth will occur. As our research has indicated, the levels of litigation are strongly correlated with the level of health-care expenditures. As we experience continued growth in the Canadian health-care system we can predict with virtual certainty that there will be ever increasing levels of litigation. That growth and litigation will be magnified and multiplied by the pressures for compensation unless an alternative is developed.

While I stated earlier I believe the current threat of malpractice litigation serves a useful deterrent purpose I do not believe that deterrent purpose would be enhanced by further increases in the level of litigation. Those increases of litigation would simply provide compensation in a very expensive and a very cumbersome way to increasing numbers of deserving victims of medical injury. Surely we can do better, avoiding the growth of malpractice claims and ensuring more compensation to those in need.

As a result, we face a choice. If we do nothing, the current situation will worsen from the perspective of all relevant interests: physicians will experience more litigation, few victims of medical injuries will receive compensation, and the cost to the health-care and judicial systems will be high. On the other hand, if we take steps to streamline and improve malpractice litigation, to enhance and encourage institutional responsibility and injury reduction, and to develop a scheme of decent, accessible compensation for all those suffering avoidable health-care injuries, we have the possibility of fewer injuries, less wasted costs and a higher level of social justice.

Canada has a highly enviable record in health-care. We have built a widely accessible and publicly financed healthcare system that is arguably the best in the world. It is a distinctive and enduring contribution to social welfare policy and it reflects our broader strengths as a nation committed to social justice.

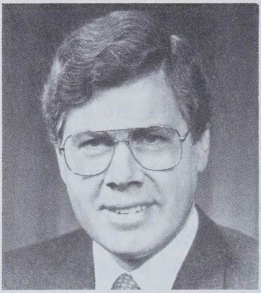
We have a less enviable record with respect to injury and disability. While we can claim important accomplishments particularly with regard to workplace injuries, a great deal remains to be done before we can claim moral leadership in this area. The problem of medical injuries is but one facet of the broader challenge which is to design and implement a social welfare system that takes seriously our duty to all among us who suffer the tragedy of serious injury or disability.

And this is an agenda that can unite us. It is not an agenda to which left and right, young and old, men and women, east and west or any other traditional political cleavages easily apply. While good people will differ on the details of the programs and policies offered, few among us will deny the nobility or importance of the goal. The recent coalition of support that has emerged to support the welfare reforms proposed by the Thomson report in Ontario has gathered Conrad Black and the National Anti-Poverty Organization together in common cause to address the agenda of social justice.

As a country we have the opportunity to rank among the world's leaders in the realization of our commitment to the least advantaged among us. The opportunities for progress surround us: welfare reform, workers' compensation reforms, and of immediate interest, medical injury reform. If we have the courage and vision to seize these opportunities, we will have made our country a more just, more decent and more caring place.

I commend the agenda to all of you.

The appreciation of the meeting was expressed by J.A. Wm. Whiteacre, Counsel, Stikeman, Graham, Keeley and Morrow, and second Vice-President, the Empire Club of Canada.



March 23, 1989

John E. Cleghorn

President, The Royal Bank of Canada

SERVICE: THE NEW PROFIT FACTOR

Chairman: **A.A. van Straubenzee**
President

Introduction:

Ogden Nash said "Bankers are just like everyone else except they're richer."

The Royal Bank, chartered in 1869, is Canada's largest bank with assets at the end of fiscal 1986 of $99.6 billion. Two fundamental goals are paramount: excellence in financial service across Canada and vigorous participation in selected international financial markets. John Cleghorn is here to discuss Service — the New Profit Factor.

Service is an extremely important and real issue for today. I spent 10 years in the investment business in the 70s and one wouldn't recognize the new changing face on the street — a new face for the 90s. We are seeing the retirement of several seasoned veterans and their replacement with new management. The banks and investment banks have merged. Service has become critical as we see the need to become more streamlined and efficient in our business.

But it is easy to talk this way because it really does sound like motherhood. However, just so we aren't accused of talking in generalities, let me tell you a story.

In 1974, I was in a pickle. I was President of the Personnel Association of Toronto and we were opening a Training Centre for our members on Bloor Street. The opening was to take place on March 17 and we had invited 50 presidents of major Canadian firms to the opening which was to take the form of a seminar with Peter Drucker entitled "The 80s — will they be turbulent times?"

As luck would have it there was a construction strike and our new facility would not be ready. I called three large institutions to see if they would allow us to use their quarters for the seminar. The first two turned us down flat. The Royal in the person of Jack Bankes, senior Vice-President, said "Come and look at our facilities to see if they are good enough." Doug Gardner said anytime they could get 50 presidents in their building they would turn the place upside down.

They donated their board room, their dining room, a car for Mr. Drucker and they paid for the lunch — never once, however, pushing us aside or grabbing the limelight. And at the end of it — **they** thanked **me**.

Born in Montreal on July 7, 1941, Mr. Cleghorn graduated from McGill University in 1962 with a Bachelor of Commerce degree. He joined Clarkson, Gordon in Montreal, becoming a C.A. in 1964. He then joined St. Lawrence Sugar Ltd. as a futures trader in Montreal and in 1966 joined the Mercantile Bank of Canada (an affiliate of Citibank) with assignments in New York and Montreal. He became manager of the Winnipeg branch in 1969 and Vice-President of the Western Division in Vancouver from 1970 to 1974.

John McMillan, V.P. Personnel, told Rowly Frazee that he should interview Cleghorn and make him an executive officer of the Bank. Frazee said: "I'll interview him but we don't make hirees executive officers of the bank."

Mr. Cleghorn joined the Royal Bank in October 1974 at its Head Office in Montreal, becoming Assistant General Manager for Project Finance in 1975; Deputy General Manager, Corporate Lending in 1976; Vice-President, National Accounts in 1978; Senior Vice-President, Planning and Marketing in 1979; Senior V.P. and General Manager, British Columbia in 1980; Executive V. P. International Banking based in Toronto in 1983. He became President in 1986 and a Director in 1987.

Mr. Cleghorn is Chairman of the Capital Campaign for Bishop's University and he is to be granted an honorary degree later this year. He is a Vice-President and Council Member of the Montreal Board of Trade. He is Chairman of the Montreal YWCA Foundation and a Director of the Canadian Club of Montreal, the MacDonald Stewart Foundation, McDonald's Restaurants of Canada Ltd., the Montreal Board of Trade, Heritage Foundation and the Montreal General Hospital Research Institute. He is a member of the Board of Governors of the Olympic Trust of Canada; the Advisory Council of the Faculty of Commerce and Business Administration for the University of British Columbia; the Montreal Committee of the Ludwig Institute for Cancer Research; and the Canadian Intitute of Chartered Accountants.

John Cleghorn enjoys tennis and sailing. He is married to Pattie Eleanor Hart and has three children — Charles, Ian and Andrea.

John Cleghorn:

In the new competitive world Canadians are entering, we're going to have to restore our tradition of good quality service. If we don't we risk losing our customer base and with it our standard of living.

I'm referring not only to free trade with the United States, but to a whole new worldwide trading environment in which the competitive heat keeps rising. In the near future, no trading nation — and certainly no **business** in a trading nation — is going to be exempt from serious challenges from imports, whether in goods or services. The winners in this competition will be those who offer the best value for money. So it's very much in our national interest to make the words "Canadian business" synonymous with "top quality."

Canadians can do it if they try. You only have to look around this city to see some good examples. Think of Roots, the Toronto-based chain which has gone from one store here in 1972 to 35 stores across Canada, and is in the process of expanding into the U.S. market. How did they do it? By putting into practice their motto, Quality and Integrity. If you return an item to Roots, that's it — no argument. A friend's daughter recently took back a Roots sweater she'd worn for a year because it had shrunk in the wash although it was labelled "machine washable." The sales clerk apologized for any inconvenience it had caused and told her to pick out another sweater — at which point my friend's daughter became a customer for life.

Or take the Four Seasons hotel group, which has one overriding objective — to have the finest hotels in any city in which it operates. By consistently pursuing this goal, Four Seasons has become the envy of the hotel business on an international scale. Its occupancy rate is well above the industry average. So is its repeat business rate. But then, so is its ratio of staff to guests — the attention to detail in Four Seasons hotels is legendary. And that's what keeps all those satisfied customers coming back for more, and accounts for their impressive financial success. With returns above 20 per cent for several years running, they have become a classic study of how quality service can be made to pay. I believe their success is a result of attitude and leadership. If you want to know **why**, consider this story told by quality consultant Peter Zarry. While strolling through a hallway in the Toronto Four Seasons with Chairman Isadore Sharp they came across a room service tray with the remains of a meal on it. Without a pause in the conversation, Sharp picked up the tray and carried it to the kitchen 24 storeys below. He didn't say anything about it — but you can bet that word of his caring for quality spread among the staff instantly. That's the kind of leadership towards quality we need. Four Seasons was singled out for mention in an article in the March 13th edition of Fortune magazine entitled Getting Customers to Love You, which should be required reading for all of us.

I found the article very interesting, because it proclaimed just how much attitudes in North American business have changed. Not so long ago, it seemed that hardly anybody in management frankly gave a damn about whether or not the customer loved them. In fact, the editor of Forbes once commented that a lot of companies regarded the customer as a "bloody nuisance."

Things weren't so different here in Canada. Management thinking in North America was focused on the cost side without developing the other side of the brain sufficiently. The quality or value dimension wasn't something the analysts and accountants could measure. It took a long time for anyone to ask why. The answer could be broadly found in a few words of Japanese, with some German thrown in. Sony, Toyota, Nomura, Mercedes-Benz, Braun, and so on. The simple fact was that overseas competitors were providing better goods and services than North American producers. They were making customers happy, and more and more customers naturally gravitated to them.

By focusing only on the numbers, too many of us became blind to the human or intangible aspects. This wasn't true in all cases, of course, but generally the quality of products and the level of service was not what it used to be. The lesson had to be learned — and learned the hard way — that quality, service and profits are not mutually exclusive — that quality pays! It has certainly paid for the Japanese and West Germans, who have ended up with the strongest economies in the world.

This is not mere rhetoric. The authors of a recent book, The PIMS Principles, have documented a precise relationship between quality and profitability. They write: "Whether the profit measure is return on sales or return on investment, businesses with a superior quality/service offering clearly outperform those with inferior quality."

Of course, it's one thing to **say** you're delivering quality, and another to actually do it. One company that's making it happen is Ford Canada. Their CEO, Ken Harrington, joins with other senior executives to personally handle the company's toll-free customer service telephone lines twice a month. If Ford is not living up to its slogan, Quality is Job One, Harrington hears about it in detail, and he does something about it. It's the same story at McDonald's, where staff and management live their creed — Quality, Service, Cleanliness and Value. More than anything else, the achievement of quality means putting the customer first — not our own interests, but the customer's interests.

We have to learn how to look at ourselves through the customer's eyes and learn how, as DuPont of Canada says, to create "partnerships with our customers." Now, that's just pure common sense. Every business has something to sell, and there obviously can't be sellers without buyers. Which means that getting new customers and keeping old ones is what keeps us alive and well.

Research has shown that in the auto industry, a brand-loyal customer who has his or her car serviced at a company dealership accounts for about $150,000 in revenues over a lifetime. In the supermarket business, a lifetime customer is worth $260,000 in sales. And in my business, the loyal long-term customer is literally the engine that drives our bank. So we'd better make sure we put the customer first. However, we do have room for improvement, for sure. All of you who live and work in the Toronto area are affected by the high turnover rates of bank staff — from front-line counter people to account managers for small business.

Employee turnover in a hot economy is a fact of life — but its consequences for customers shouldn't be. It's a problem all Toronto based businesses face, and we can only solve it by being better employers. In that sense, we have to understand that quality of service goes way beyond a smile at the counter. For us at the Royal, it means:

- Hiring people who have a customer service orientation.
- Helping them develop and refine that orientation through a clear commitment to training and career development.
- Making sure that from Day One our new staff member knows and is in tune with our value system (and not just on Day One, but on Day Two, Month Ten and Year Five).
- Communicating our vision consistently with good examples highlighted from top to bottom.
- And by demonstrating to our people that our success is really their success — that being a winner on a winning team is a direct result of their individual and personal contributions on every level.

Are we satisfied yet? No, but we're getting there. We've strengthened our staff training with the customer in mind, and given more authority to front-line employees. They in turn have responded enthusiastically to this change. They're inclined to get as frustrated as the customer when they can't deliver the level of service they feel Royal Bank clients deserve.

We've also found that any effort to enhance service quality has to involve people at every level of the organization. Some of our best ideas for service improvements come from a very active staff suggestion program. Open communication and good morale throughout is essential. To ensure that the ultimate customer is well-served, the same commitment to quality applies internally, where employees must treat one another like customers in their everyday working relationships.

We all need to eliminate the procedural barriers left over from an earlier age, when different attitudes prevailed. Thinning out bureaucratic layers and practices is necessary so that we can hear our customers and constantly improve the level of quality based on their direct feedback. Management's job is to remove obstacles so that staff can deliver the service they know customers want in the way customers expect it to be delivered. And quality of service doesn't just apply to so-called service industries. It's just as important whether it's in snowmobile manufacturing, or telecommunications, for example. There, it may seem harder to spread the feeling of involvement and commitment at every employee level, because to someone working on a shop floor, the actual finished product, or customer, can seem extremely remote. But it's already being done.

Manufacturers, like Northern Telecom and Bombardier, learned the value of a "customer first" attitude throughout their organizations. Plant staff understand the importance of delivering a quality product to their customers. But, equally, if not more important, is management's understanding that quality products can only be consistently produced if they provide quality people management.

People on the "line" need to understand how their work "fits" in the total product, how they're doing in meeting goals and schedules, how they can participate in decisions that affect their jobs, and how they can share in the company's success. The results? Employees develop a sense of ownership and pride in their product and company. Morale climbs — and stays high — and of course high quality production brings satisfied customers and long term profits.

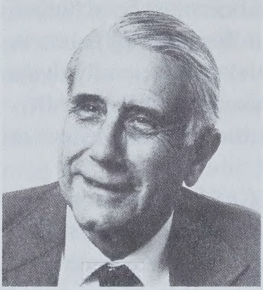
Can Canadians compete with the world in quality? With the right orientation and the right leadership, you bet we can. Roots, Four Seasons, Northern Telecom and Bombardier are just a sample of what inspired Canadian companies can accomplish. This type of quality orientation must be achieved in every corner of Canadian business if this country is to win in the global marketplace. Make no mistake, our friendly rivals in the United States are becoming more and more quality-conscious in their own markets and the spillover effect is already occurring in Canada.

Adding to that, the current round of GATT negotiations will make other markets around the world more competitive. There will be strong opportunities in the liberalization of trade for a country as fundamentally capable of providing quality as ours. We are about to enter into a contest for the hearts, minds and business of customers on a broader scale than ever before. To win we must think, live and breathe quality and service. Heaven help the Canadian company of any description that turns out a shoddy product, neglects service, or is lax in fulfilling after-sale commitments. Competition dictates that we provide the very best in everything we do.

The Canadian work force and Canadian management can secure our future prosperity.

I am confident that investments in quality and service will ultimately yield solid earnings for every stakeholder. The evidence is overwhelming — not only for businesses, but also for the countries they represent. In Canada we have both the opportunity — and I would go even further to say the obligation — to make quality service our No. 1 competitive edge.

The appreciation of the meeting was expressed by Harry Seymour; Managing Partner, Waterston Financial Investments, and a Past President of the Empire Club of Canada.



March 30, 1989

Dr. Kenneth Hare

Chancellor, Trent University

NUCLEAR SAFETY AND THE ENERGY FUTURE – ARE OUR NUCLEAR REACTORS SAFE?

Chairman: **A.A. van Straubenzee**
President

Introduction:

My father-in-law, Archbishop Clark, had a stroke in 1970. He was the retired Anglican Primate of Canada. He was also Chancellor of Trinity College at the University of Toronto and chairman of the search committee to find a new Provost for the College.

In the search business, you are on edge until you find at least one winner. When the Archbishop relaxed, we knew they'd landed a big fish. That fish is a combination of a beautiful fighting salmon, a stubborn trout, a delicious Dover sole, and he is capable of operating in a fish bowl, like a goldfish.

But more important, he made his Chancellor feel important and, completely rehabilitated, that Chancellor worked 10 more years and told me how much he loved working with Ken Hare.

And after the Chancellor died, the frantically busy Provost chaired a fundraising drive for a scholarship fund in Clarke's memory.

And when Margaret Lawson tragically became a paraplegic the summer before she was to be Head Girl of St. Hilda's, Ken Hare was right there offering support.

And when he was asked to thank a British MP who had given a speech to a private dinner, Dr. Hare was so eloquent one of my guests said the luncheon was worth attending just to hear the thank you speech.

David Neelands at Trinity said:

We had to outfit "der Provost bunker" in "der basement" to shield "der insomniac Provost from raucous students and ubiquitous fire alarms."

And, apparently, our guest speaker is afraid of thunderstorms which, for a meteorologist and climatologist, is something.

Neelands went on to say:

"What has been the secret of the Hare's success? Mainly an old-fashioned four-letter word — WORK."

Kenneth Hare is Chancellor of Trent University, Professor Emeritus in Geography at the University of Toronto and Chairman of the Climate Program Planning Board in Canada.

Leafing through Science Dimension, I found an article in a 1985 issue that read as follows:

> Hare says he can't make plans for retirement because people keep asking him to do things, such as becoming chairman of an enquiry into the effects of lead in the environment or President of Sigma Xi, the scientific research society.

Dr. Hare is a world renowned climatologist and science policy adviser in demand by universities, government, research journalists and industry. But for anyone who has studied geography or meteorology in Canada, he is simply the Guru of Canadian climatology.

He has been involved in developing public policy for many environmental issues and sees acid rain, the destruction of our forests and pollution among the environmental problems in our country.

Ken Hare was educated at the University of London (King's College and the London School of Economics) where he received his BSc in 1939. During the Second World War, he worked with the British Air Ministry as a meteorologist. After the war, he was offered a job as assistant professor of geography at McGill University and emigrated to Canada in 1945.

He has a string of honorary degrees from Laurentian University, McGill University, Memorial University, the National Defence College of Canada, Queen's University, Trent University, University of Toronto, University of Western Ontario, York University and the University of Adelaide.

His career is illustrious and has included appointments as Dean of Arts and Science, McGill University; Master of Birbeck College, University of London; President of the University of British Columbia; Director of the Institute for Environmental Studies at the University of Toronto and Provost of Trinity College at U of T.

He is a companion of the Order of Canada and a fellow of the Royal Society of Canada. He has been awarded the Massey Medal by the Royal Canadian Geographical Society.

He has done important research, written numerous articles and books, and has lectured extensively.

Kenneth Hare:

Thank you for the opportunity of talking about nuclear safety before Canada's best known speakers' platform. I never expected to follow Ronald Reagan at any podium, but you have given me that chance. I am afraid you will find me a bit less entertaining.

I am delivering this address with the aid of electric power coming largely from nuclear reactors. Ontario Hydro operates 16 power reactors at Pickering and Bruce Nuclear Generating Stations. By 1993 when Darlington NGS comes fully on stream, this will rise to 20 reactors. In 1988, half the electric power produced by Ontario Hydro came from these reactors. By 1993 that fraction will be about 70 per cent. Among the world's sovereign powers only France and Belgium outdo us. The U.S., at 16 per cent, and the United Kingdom at 20 per cent, are mere pikers. Ontario is in the biggest nuclear league. Moreover, the reactors supply most of the base-load, the power that is needed continuously.

In 1986 the disastrous explosion and fire at Chernobyl intensified public anxieties about the safety of power reactors. An efficient anti-nuclear lobby has argued that such accidents are inevitable. Sooner or later, it is said, an accident, possibly a meltdown, will spread radioactive material in a large metropolitan area, with huge immediate casualty lists and deferred cancer deaths. Some individuals maintain that even the routine, accident-free operation of reactors poses hidden (perhaps deliberately concealed) hazards to people living nearby. Since the Golden Horseshoe is ringed by reactors, Ontarian and American, these fears have created understandable worry about our situation.

Late that same year, 1986, the Government of Ontario appointed me sole Commissioner of a safety review to answer the question: Are the reactors safe? I was an amateur in the field, but I had the help of the Royal Society of Canada, which appointed advisory and review panels, and was able to engage an array of consultants. It also financed submissions from a large number of concerned groups and individuals. I had access to a review of operating standards of Pickering NGS carried out by the International Atomic Energy Agency. Ontario Hydro and Atomic Energy of Canada collaborated to the full, though they must have been fed up at the prospect of a non-engineer like myself judging their professional competence and responsibility. I reported to the Minister (who was then the Hon. Robert Wong) on February 29th, 1988.

A reactor is safe enough until you use it, just as your car will hurt no one if you leave it in the garage. Once you start up, however, in both cases safety is dependent on five things:

(1) Was the reactor (or car) well designed and well built?
(2) Were the operators well trained, and do they operate under clearly defined rules?
(3) Is the corporate operating system effective, and is safety a permanent consideration at all levels?
(4) Is the system of legal regulation effective?
(5) Is there an adequate emergency system in place?

We looked at all five points. The CANDU reactors operated by Hydro have been developed from design teams in Atomic Energy of Canada Limited and Hydro itself, with help from Canadian General Electric and other engineering concerns. They use natural, unenriched uranium straight from the refiners, so that we avoid the expensive enrichment process required by most other reactors. We have to use heavy water, extracted from Lake Huron at Bruce NPD, as moderator and coolant. The reactor vessel is pierced by numerous pressure tubes of zirconium alloy, within which the fuel is actually fissioned and cooled, whereas U.S. reactors, for example, use large pressure vessels, in which light-water moderator and coolant are not separated.

We achieve efficient burn-up of the fuel, but at two major costs: the direct cost of the complex reactor core, and the indirect cost of having to accept the risk of rapid power excursions if there is a major break in the cooling system. This requires that our reactors have efficient computerized control systems, as they do, and fast acting shut-down and core cooling systems, at high cost.

The CANDU reactor is a Canadian product, and in Ontario Hydro's hands it has proved efficient and highly competitive. Up to June 30, 1987, of the world's 10 most reliable reactors (lifetime availability), seven were CANDU's (including the top six). All but one were operated by Ontario Hydro (the exception being Point Lepreau in New Brunswick). I know of no other world league in which Canada holds the top six places.

Does the normal operation of these plants endanger the public? Radioactive substances are released in quantities permitted by the regulator, the federal Atomic Energy Control Board, at levels that are meant to ensure that the nearby public is exposed only to very small doses. These include tritium. Do these threaten safety?

The review's motto was, let the facts speak for themselves. Unfortunately, the health and mortality of the public near the Hydro stations has not been systematically monitored, so there are no facts. So we turned to a group of people who *are* monitored, and who are exposed to significant doses — the 30,000 past or present atomic radiation workers, the work forces of Ontario Hydro and AECL, the people who actually man the reactors. We looked at the mortality record of these workers, after one to three decades of exposure to radioactivity. The fear is, of course, that latent cancers will develop as the result of such exposure. So far both groups of workers actually have overall mortality rates *below* those of the general public, after allowance for age and sex. There is still time for problems to show themselves, but so far the news is good.

These results are not propaganda from the nuclear industry, but are findings analysed and attested to under the aegis of senior staff members of the National Cancer Institute, and the Faculties of Medicine of the Universities of British Columbia and Toronto. We accepted them as proof that the workforces are properly protected, and, by inference, that the public, exposed to far lower doses from the reactors, is better protected.

But what about accidents, like that at Chernobyl? We found that they are extremely unlikely, because of the elaborate safety systems — shutdown systems, emergency core cooling systems, and the massive containment and vacuum (unique to Ontario) systems of the CANDU reactors. Even so, I commissioned studies of a postulated accident at Pickering A, where there is only a single shutdown system. These studies examined the case of a loss-of-coolant accident, the most feared event. They found that such a severe accident would be contained, without significant escape of radioactive material, unlike the outcome at Chernobyl, chiefly because the Pickering reactors have much less steam available for blowdown, and non-inflammable moderator (heavy water, not graphite), and a much lower inventory of dangerous material that might be spread by explosion and fire into the environment.

But accidents *have* happened in Hydro's reactors, because of ruptures of pressure tubes inside the reactor core. We looked at the entire file of abnormal events which approach 700 per annum. Two of these — one each at Pickering A and Bruce A — were pressure tube failures that caused damage to the reactors involved, though in neither case did any radioactive material escape from containment. In the Pickering case, the operators acted so effectively that the shutdown system was not needed, offering proof of the excellent training and alertness of the Hydro workforce, so lamentably lacking at Three Mile Island and Chernobyl. Even so, $425 million had to be spent to restore units 1 and 2 at Pickering to production, chiefly in replacement power. Pressure tube performance is a key safety-related challenge to Hydro's engineers, and to the research capabilities of AECL, Hydro and certain corporations — and to the country's metallurgists. But I doubt if it threatens public safety except for a few members of the workforce. What it threatens is the economic viability of the reactors.

A working group of the Solicitor General's department, which is responsible for nuclear emergency preparedness, chaired by my respected colleague, Kenneth McNeill, has re-examined the question of maximum accidents for the CANDU stations, and has concluded that evacuation might be needed and effective in a zone 10 km round the station, considerably less than was forced on the authorities around Chernobyl — again because our reactors have less potential for catastrophic releases of material. Such action is a remote contingency, but since severe accidents are not impossible, they must be planned for. An excellent plan existed on paper for a nuclear emergency in Ontario, but had not been acted on. This situation is now being rectified.

A key to safety is effective regulation by an agency independent of the utilities. In Canada this authority is claimed by the federal government, under the Atomic Energy Control Board Act. The Atomic Energy Control Board in Ottawa, a quiet Canadian if ever there was one, is that agency. It has done its job quietly and effectively for many years, setting the health and safety standards that have to be met, but leaving it to the utilities to meet them. It maintains an active inspection program, and has enforcement powers I consider adequate to its job. The Board, has, however, stuck to technical questions. I encountered demands from various advocacy groups that AECB alter its mode of operation to a model closer to the American concept of regulation — one that leads to enforcement via the courts. I rejected this advice, but agreed that AECB should be more formal in the way it records its decisions, specifying reasons, and should increase its membership and its staff resources so as to enable it to cover environmental, health and socioeconomic concerns more effectively. I believe that this advice is being taken.

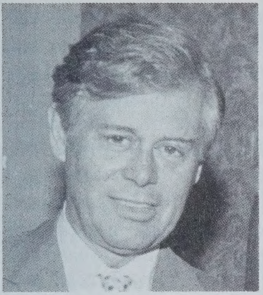
So my overall judgment is that our reactors are being operated safely, and at a high level of competence that is recognized and envied internationally. A corporation with annual revenues of $5.5 billion will never find it easy to be loved. In the technical and safety performance fields, Hydro is one of the world's great utilities, and deserves our congratulations, which it never gets. Even so, I recommended — and this is being worked on now — a further review of the operating system, and the whole business of quality assessment and control in this truly vast enterprise. Safety depends on human performance, and our weaknesses are such that we can have it only if we watch ourselves like hawks.

I am dissatisfied with our approach to the public health issues involved. We have no accessible review and monitoring body for health and safety outside the governmental agencies, and we need one. Although I found no evidence of adverse health impacts near the reactors, I became aware of equivocal but disturbing evidence from British nuclear sites of raised leukemia rates among persons under 25 resident near old established nuclear sites. I recommended — and again this is being acted upon — that we try to conduct such reviews around Pickering NGS and perhaps Chalk River. This is as much a concern for the provincial government as it is for AECB, and for all of us. If the review turns out to be possible, and turns up disturbing evidence, then the view that the normal operation of reactors causes no danger will need reexamination.

Mr. Chairman, Ontario and Canada face crucial issues concerning future power sources. I agree that the best source is conservation and the avoidance of waste, and that cogeneration and the remaining hydraulic sites will help. But if new generating stations are needed in Ontario, the major options are still coal and nuclear. Coal (or any other fossil fuel) means more carbon dioxide emissions, at a time when we are trying to reduce the greenhouse problem. Building more fission reactors — and fusion is still distant — runs into the public anxieties I referred to. In my judgment there are no safety grounds for abandoning the nuclear option, as long as Ontario Hydro can maintain its present high standards. The waste disposal issue, seen by many as a major obstacle, is not, yet again in my personal judgment, good ground for abandoning the CANDU technology. I can say nothing about cost, though much needs to be said. But safety depends on the maintenance of an adequate research infrastructure, at present provided largely by AECL, whose future will have to be guaranteed if our CANDU's are to continue in use.

I have reported on the largely reassuring findings of an expert review, and have had the support of the Royal Society of Canada in coming to my judgments. The country, and this province, badly need to listen to their technically competent scientists, physicians and engineers in matters of this kind — not to make value judgments, but to assess as objectively as possible the claims and counterclaims about any dangerous technology, such as nuclear fission. If we do not learn to do this efficiently, the country will be ill-served by its decision-makers (if any such exist) who also find it hard to know whom to believe. But, Mr. Chairman, this is another address. So let me close as I began, with thanks for the chance to speak to such a polite, influential and very much nuclear-dependent audience.

The appreciation of the meeting was expressed by Blake C. Goldring, Vice-President, AGF Management Ltd., and a Director of the Empire Club of Canada.



April 6, 1989

John Ziegler Jr.

President of the National Hockey League

THE BUSINESS OF PLAYING HOCKEY

Chairman: **Larry Stout**
Director, The Empire Club of Canada

Introduction:

Today, ladies and gentlemen, The Empire Club of Canada is proud to celebrate hockey, a wonderful game and also a very important part of the history and the very fabric of Canada.

"Hello Canada and hockey fans in the United States and Newfoundland." Remember that? When I was a youngster, that famous salutation delivered by the inimitable Foster Hewitt signalled the most exciting part of the week to me and to millions of others.

Hockey Night in Canada. It certainly was then, and still is, a national institution. Hockey is full of memories. Today Hockey Night In Canada is just as exciting for millions of Canadians as it was years ago. That six-team league has expanded and stretches right across North America.

NHL teams compete with teams from Europe and the Soviet Union and this world competition is bound to increase.

Our guest speaker, John Ziegler, has presided over the National Hockey League during one of its most exciting, challenging, and changing eras. He is only the fourth president in the league's history. He assumed the job 12 years ago. As a matter of fact it was just about 10 years ago that he last spoke to The Empire Club of Canada. What a decade for hockey and for John Ziegler.

Let me tell you briefly about John. John Ziegler laced up his skates as a young man growing up in Michigan. His favourite team was, of course, the

Detroit Red Wings and his hero the great Gordie Howe. But playing hockey professionally was not in the cards for John Ziegler, although hockey was to remain in his bloodstream and indeed to dominate his professional life.

He became a lawyer, first a partner in a Detroit law firm, later he formed his own firm, and all the while he continued his association with the Red Wing franchise and Bruce Norris. By 1966 he was a member of the NHL Board of Governors.

In 1976 he became Chairman of the Board, and in 1977 he was named president of The National Hockey League. Under John Ziegler's leadership there has been a dramatic turnaround. A dramatic economic turnaround. Twenty-one healthy, prosperous teams. New rivalries have been built, new fans attracted. The league is more competitive than it has ever been before, and I am sure you have noticed as I have, there is more parity among the teams than ever before. The game is faster, more exciting, and is less violent. Having been one of the architects of the Canada-Soviet series and the ongoing competition between NHL clubs and Soviet teams I hope that Mr. Ziegler can tell us more today about where he hopes to lead the league as we move towards the turn of the century.

John Ziegler Jr.:

When I last spoke to you, the title was, The Business of Playing Hockey. And so today, we are going to The Business of Playing Hockey, Volume 2.

First let me set a record straight. A newspaper story which started in New York and which has been reproduced elsewhere — contained a declaration that I don't care about the fans or the customer — that they are third rate. Well if someone deliberately tried to create something that was false, they couldn't have done a better job. Our customer *is* king. Our fan *is* king.

What I said at the time was that when it comes to the responsibility of setting the rules and how we are going to present this game to our fan, that responsibility belongs to the players and to the owners because the success or failure of that presentation is going to be directly upon them, directly upon the player and his career and directly upon the owner and his investment.

The customer is king and he's the voter. It's his or her constituency; he and she cast their vote by buying the ticket or not buying the ticket, by turning on television, subscribing to the cable or not. These are the votes we count. There's never been any doubt in my mind that what my colleagues — the owners and players — have accomplished in these 11 years was because the customer was king and that was what we keep in mind in everything we do.

Hockey Violence

I want to talk about violence. What a great term. It means something different to different people but when it comes to deciding rules and penalties it doesn't describe anything. And I have no respect for the people that use it helter skelter without definition. Let me give you an example. I took my daughter to a game a number of years ago and the Detroit goal keeper got knocked on his fanny with a slap shot. It knocked him right down and she said: "Daddy, it's so violent." So if I were to ask her what is violence, it would be a slap shot that knocked a goal keeper over.

High-sticking and intentional injury are acts of aggression and the National Hockey League is proud of its record of continuing legislation and discipline to take these elements out of the game. This year there is less high sticking than ever before. We had less supplementary discipline — that is the intentional injury or the attempt to injure.

Now when it comes to how we deal with it, that's the discipline process. One, it has to have a fair process built into it. There has to be a system of justice involved in it. Ours is based on a contract with the players in which there will be a fair hearing and in which penalties will be imposed after that process. We have the toughest penalties in any professional sport for acts of aggression by one player against another. Compare it sometime — the others don't even come close. In the last 10 years, the National Hockey League has passed more legislation dealing with the aggressive behaviour of players on the ice, more legislation in the last 10 years than in the 63 years before that.

Now, fighting. This will be, always has been, and always will be, an issue that the fans, the investors, the players, will continue to deal with. It is a question that will come before us again: should we have stiffer penalties with respect to fighting? It is not a black and white issue — it never has been, but we have a process through which we deal with the issue. And it will be dealt with.

The NHL Turnaround

Eleven years ago when I was last here, I was completing my first year as president and the National Hockey League had accumulated a loss of $100 million. Well, as the late Senator Everett Dirkson said, we're talking about a million here and a million there and a few million over there and pretty soon we're going to be talking serious money. I assure you $100 million to the National Hockey League was pretty serious money. It is today and it was then. Our existence was threatened.

Today we have accumulated a $60-million profit over the last three years. From a business standpoint, we are proud of that turnaround.

As I mentioned before, if you really want to understand hockey, remember it is composed of three elements; it is a business first; the form of business is to entertain; and the form of entertainment we present is the greatest game in the world, hockey.

Eleven years ago we had sold 72 per cent of all available seats. Not bad for a live entertainment and a great base to build on. This year for the season we will have sold 87 per cent of all those seats.

As a matter of fact, I was just told today that in the last five weeks of this season, we sold 96 per cent of all the seats there were to sell. For the last five years in the playoffs, we have been running at 96-per-cent of capacity. I don't think there is another live entertainment business in the world that does that well. Now, if I sound like I'm a little proud of that, you bet your bippy I'm proud of that. Not because of me, but because hockey is the greatest team sport ever invented.

All of these good things are the result of a team effort. It is a team of owners, a team of players who have worked together. We've had to take some bumps; we had to make some investments; we had to lose some money; the players had to give us back some things so that we could economically straighten things out. But as a team we put this together.

This year, 13 million people in North America will have watched NHL games. When I was here 11 years ago, it was nine million. Back then, we had three teams in Canada, this year we have seven. The players average salary 11 years ago was $92,000 per year. This year, it's over $200,000 per year, plus an accumulation of other benefits that makes the National Hockey League player, from a security standpoint, one of the best provided-for players in any professional sport.

Better Players, Better Product

Part of our business plan to turn this baby around back 11 years ago was an age-old formula. It is very secret and I hope you'll promise not to tell anybody. What we had to do was get a hold on costs and the incoming revenues. Now, that's a very secret formula — just don't let it out of the room. We adopted a business plan, to make the game more attractive to the customer. We had to raise prices, we had to make the product more attractive. We had to do it in two ways.

First, there were too many teams playing hockey in North America. Our old enemy, the World Hockey Association, was out there presenting games purporting to be major league hockey. It was taking talent and there wasn't enough talent to support World Hockey Association teams and the NHL teams. We were giving the people in the middle 1970s a very bad product. We were able to consolidate. My friend, Alan Eagleson, always called it a merger, I always called it expansion. We've moved closer together; I now call it the expansion-merger of 79. In any event, the WHA went out of business and we added four teams. With that consolidation, there was also a consolidation of job opportunities. At the same time, there was an influx of players — new and younger players coming into the League — who were competing for jobs and making the product better. The player coming into the League has been better trained. He has better nutrition; he was a bigger and better athlete; he was better educated; he was more ready for coaching. The Metro junior league here and leagues all over Canada and colleges in the United States began to feed in better and better players to present this product.

We then looked at our ancillary revenues. When I was here 11 years ago, 92 per cent of our revenues came from gate receipts. Today it's 70 per cent. Twenty per cent comes from television, 10 per cent from marketing and other activities. When I was here 11 years ago our gross revenues were $82 million from all sources. This year our gross revenue will be over $350 million. It's a much bigger business and it's going to get bigger from now on.

A Plan For Television

In television, we set up a business plan.

In Canada, hockey being Canada's passion, through Hockey Night In Canada, with the Molson support, you and I for years were able to watch Hockey Night in Canada on Saturday nights. There was a national package and there was support for our local teams in Canada. There was a dearth of television dollars and support in the United States and that had to be addressed 11 years ago. In Canada there were 25 games across the country in national telecasts and approximately 10 would be telecast on a local basis. In the U.S., 500 on a local basis and approximately 25 on a national basis.

This year, in the United States, there will be more than 800 telecasts locally and nationally we will telecast 50 across the country. In Canada, the local telecasts have gone up to 150 and we more than doubled the national telecasts. There will be approximately 56 by the end of the playoffs.

In the United States, we knew that we would not become a sport for the national networks. The people in the south and southwest don't want to watch hockey and, as a business, it would be bad for the networks.

We had to find an alternative. One thing we saw when we examined hockey in our markets was that where hockey was played, where the NHL was present, there was great support for the team, great loyalty of the fans to this team. Cable came into being about this time and became deregulated. We restructured our internal legislation within the League so we would be in a position to take advantage of the opportunities that we believed cable would present to us. The reason that 20 per cent of our revenues are coming from broadcast today is the leveraging in Canada of the product and our position of going into cable in the United States.

There are some who say we are shortsighted that we don't have vision, that we don't plan. Our broadcast plan was drawn 11 years ago to be ready for cable deregulation, and the advantages we saw. It is beginning to show the returns. As a matter of fact, I was on a panel in Boston, talking about sports and broadcasting. And the president of sports at one of the major networks told the audience that the National Hockey League has one of the most enlightened broadcast strategies of any of the professional sports. That was quite a compliment and we appreciate it.

Rivalries — An NHL Strategy

I would like to talk about our product. We changed our product to try to create rivalries and also to create a product for cable, local, regional identity which we believed was going to leverage our business and our sport.

As you may remember, we used to play a balanced schedule. We went to an unbalanced schedule playing within divisions; creating the rivalries; keeping the playoffs within the divisions, up through and into the conferences. This has paid off.

If you look at our attendance rise, it went up directly when we changed. Our increase in playoff attendance goes directly back to the point and time when we made that change. That was our business plan. Like all of you who make business plans, you have to have a lot of luck to make it work. We're proud to say we had a lot of luck and it did work.

A Strong Partnership

Where are we going? What about the future? First of all one of the key factors that has got us here is the National Hockey League Players' Association. They had to make some sacrifices in the beginning for us to be even able to put a business plan into effect and they did that. One of the things I'm proud of, and I know Al Eagleson is too, is that we have taken the owner-player relationship and used it as the means to solve problems. We do not go out to confront or compete.

The question that we have between us is, what is the fair share of this business that should go to the players? What is a fair compensation for the players? That's a subject that we have legitimate differences on. And we sit at the table and work it out.

Part of that process is, how do we make our business better so that there is more to share? Our players' association has been the leader in this field. In all professional sports we are willing to sit down and consider how it can be made better for everybody.

One of the things that I'm particularly proud of is that the hockey players, including stars, are usually at the bargaining table. They are making sacrifices in the present for the future. That's a legacy they are passing on because it may be nine or 10 years before all of the fruits are realized and their careers will be over. But these young men love hockey. They have a feeling for it and they're willing to make that sacrifice and have done it and that is why we've been able to prosper. Of the $350 million which we will generate this year, if you take all of the benefits that go to the players, approximately 45 per cent of those revenues will be returned to the players in some form — salaries, bonuses, awards, insurance, pensions, and so forth.

Now our challenge for the future is how we maintain that relationship. In order to do the things we want to do, we are going to need a very solid partnership with our players. It's a challenge to ownership and it's a challenge to me. I mentioned this to Alan the other day. We have a basic conflict. You see it in the other professional sports. They've not solved it, they've tried to solve it by confrontation. Just look at Mr. Garvey with his football association when he was leading them to two strikes. It cost those players, in salaries they will never get back, more than $100 million. That's what confrontation does at the bargaining table.

Here is the challenge to anybody in professional sports today. A player's career is short and he has this belief and feeling and it is legitimate. He says: "I must get as much out of this as quickly as I can because in four, five or six years, my career is over and I get no further benefits".

The ownership approach, of course, is different. It comes from an investment standpoint. It is long-range and you want to keep your costs as low as possible in the short-term. So there is a basic conflict. This is what I've challenged Alan with and what I've challenged the owners and myself with.

How can we give this player a participation in the future growth of this League? How can we say yes we are going to pay a fair salary and yes we're going to give you the benefits, but we also want to give you something so that you know that as this League grows, despite the sacrifices you make now, you're still going to be a participant in that financial growth.

Those of you who have followed the negotiations with our players' association will know that we started on this at the last contract. We did a historic thing last year, unprecedented in professional sports. What we did is called our security package and we bargained with the players that any player who basically plays 400 games (a five-year span) essentially is guaranteed at age 55 a quarter of a million dollars. This is in addition to his pension and in addition to all the other benefits. The player gets this by giving five years of his life to the NHL. Then, he knows that he has a quarter of a million dollars when he's age 55.

I don't think any other business does that. But that was part of that partnership, part of that concept of doing something so the player knows that he has something in the future and he knows that he is going to benefit from the growth as a result of the sacrifices we asked him to make.

There is another unique aspect of our relationship with our players. We have, again, the only case in professional sports, a partnership. Our players are entrepreneurs. They are, for example, joint venturers in international hockey. Profits from international hockey are divided 50 per cent to the players and 50 per cent to the owners.

All of the profits go into the players pensions. Not only regular pension, but also supplemental pension. This partnership has produced for players more than $10 million over the last 11 years and we expect it will continue to produce at an ever-increasing rate.

International Growth

The international arena is where we will see the NHL making new and bigger steps and a great deal of growth. Most growth will come out of the broadcast area. Second will be in our marketing. For the time being, we will be presenting some events, but they will be on a limited basis.

This year, another piece of history: for the first time in the NHL, two teams will be visiting the Soviet Union — Calgary and Washington. They might even be the finalists in the Stanley Cup. We think that Europe, Asia, the entire world are a marketplace for hockey. But we are not going to neglect North America.

We are going to continue on our business plan with television and, yes, Virginia, there will be expansion. We will be adding new teams. We are going through a process right now of assessing how many, how we will add them, where we will add them and when we will add them.

We are going through a business process of analysing the market both internally and externally. I was looking at the requests for considerations that have come in the last six years and the list now runs to about 25 to 30 cities throughout

North America who want to be considered. So we know there is a demand. This time we want to make sure that we avoid the mistakes we made in the past. We want to make sure that when we do expand, it's part of our business plan.

Developing Young Talent

This last year, a committee of owners with me and with professional help, set the goals for the NHL for the next 10 years. Basically those goals, from a business standpoint, are growth, commitment to the continued improvement of the game and, one that was most pleasing to me, a commitment to invest in the development of the game at the youth level.

We are beginning to draw plans since we now seem to be moving into a profit picture which has some stability — to put more back into that growth, more back into seeing young hockey players such as we have here today, continue to come in. Even if they don't make the NHL we know that every young man or young woman who plays the game of hockey, becomes a hockey fan for the rest of their lives because it's the greatest game to watch as well as play.

Drug Awareness

Sgt. Pelletier is here. You've seen the Drug Awareness booth. We've had a partnership with the RCMP and the Drug Enforcement Agency in the U.S. I want to mention that because our drug policy is very simple it could only be a policy of the League if it was supported by the players. When it was first declared, our players' association, unlike any other players' association, stepped forward and said they support the policy.

The policy is a simple one. It says if you are involved with illegal drugs, you are suspended. We don't want you. Now a lot of people find that lacks compassion. I'll admit that it does, but I'd rather stop five young men from even trying it than worry about rehabilitating somebody who has violated this rule. Our clubs will help the players, but I don't want them playing in this business, not while they're involved with illegal drugs.

The support we've had from the RCMP and their programs, and I think they would agree the support they've gotten from our players, probably lead all of the Leagues as far as stepping out and saying: "No to drugs."

Hockey Hall of Fame

The last subject I want to chat about, and I'll be brief, is one I feel very special about. The Hockey Hall of Fame.

We're moving, and as you know we're going into one of the treasures of this city, and as a matter of fact perhaps one of the treasures of North America. The historic Bank of Montreal building at Yonge and Front Streets in the heart of Toronto is going to be the site and the future home of the Hockey Hall of Fame. It's not just going to be a museum. It's going to be an entertainment facility. It's going to be something that Torontonians are going to be proud of. Anybody connected with hockey will be especially proud of this.

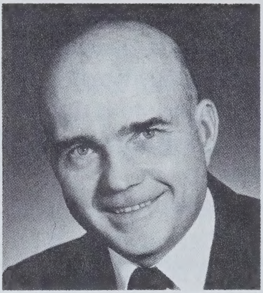
It is an $11-$13 million investment that we will be making. We'll be looking to community and business support to carry this investment. We think it will be on an ongoing paying basis. We think it will be the centre of attraction — certainly for Toronto, for Ontario, for Canada and certainly throughout the hockey world.

As I look at it, it will be the world's cathedral of hockey and if you've ever entered that old Bank of Montreal building, you will know what I mean. The tradition of hockey and the tradition of this great country are right there. Thanks go to the city that saw it must be a landmark building and preserved. And those traditions and that feeling that you get as you walk in there will be preserved under our care. As I say it's the world's cathedral of hockey, it'll be the shining light for Canada and as I say it's going to be the shrine in which we place that "holy grail." That's where the Stanley Cup will rest. If you have ever been on the road with the Stanley Cup, whatever hotel we take it to, lines form outside, just to walk by and look at the Stanley Cup.

Well I respect that, so that's going to be a treasure. It's a treasure for the National Hockey League. It's a treasure for Canada and I thank the Mayor and I thank Johnny Wayne who led the committee. I thank the council that saw to it that we could have this special building for the enshrinement of perhaps the greatest trophy in all sports.

Thank you very much — it's a privilege to be back.

The appreciation of the meeting was expressed by Barnett Danson, P.C., a Director of the Empire Club of Canada.



April 13, 1989

Paul Henderson

Businessman and Sportsman

THE OLYMPICS AND TORONTO

Chairman: **A.A. van Straubenzee**
President

Introduction:

Paul Henderson is a character. He says that he parks his plumbing truck outside his friends' homes when they have parties because he caters to the Carriage Trade and it's like a Birks Box.

Well, when I think of my good neighbour, Paul Henderson, two quotes come to mind. From Shakespeare's Comedy of Errors:

> What he hath scanted men in hair, he hath given them in wit.

And from Horace's Satires:

> Many recite their writings in the bath. How pleasantly the vaulted space echoes the voice.

Paul Henderson has certainly not spent the majority of his time in front of a mirror, nor has he been singing in the bathtub. As most of you know, he is a former Olympic sailor and president of the Toronto plumbing repair company R. G. Henderson and Son Ltd.

As a sailor, he participated in the Canadian Olympic Yacht Trials from 1952 to 1984. In 1972 he was coach of the Canadian Olympic Yachting team. His yachting championships include titles from Canada, the U.S., North America, the Netherlands, Bermuda and the World Yachting Championship.

He is still very involved with the International Yacht Racing Union. He was an international judge, a member of the Policy Commission, and Vice-President from 1980 to 1989. He was a member of the National Council for

Fitness and Amateur Sport from 1974 to 1976; President of the Toronto Racquet Club; Director of the Canadian Olympic Association, and Vice-Commodore of the Royal Canadian Yacht Club.

He is also a Director of the Canadian Epilepsy Association and the Metropolitan Toronto Convention Centre. Popeye the Sailor Man never had such a complete life or as much energy.

Paul is a fierce competitor, a tough leader with high standards and he is a raconteur par excellence. I know something else about Paul that he doesn't know I know. He is a generous donor to worthy causes, but he does it anonymously.

As President and CEO of his firm, he oversees a large commercial food equipment parts and services operation complete with a plumbing, heating and refrigeration setup that looks after hundreds of Toronto restaurants.

As we all know, 1996 will be the 100th anniversary of the modern Olympics. Paul Henderson, since 1986, has been President of the Toronto Ontario Olympic Council (TOOC), working with tremendous dedication to win the 1996 bid to host the Summer Olympic Games. Competition is tough and includes rival bids from Melbourne, Manchester and, of course, Athens. The decision will be made in Tokyo in 1990.

The budget for the bid is $12 million, of which $2 million is from the federal government; $3 million from the provincial government, and $7 million from business.

Our speaker said recently:

> Our whole Olympic bid is based on the fact that this is Toronto, Ontario, which means Meeting Place on the Great Lake. So why not focus on the lake, which is our greatest asset.

The organizers of the bid are private corporations that have contributed several million dollars to put together this bid. The key to the bid is to make certain that if Toronto is successful, the Games will leave something tangible for the community.

Ontario's Premier David Peterson has been quoted as saying that without Henderson there would be no bid. He has won support from many key politicians and business people. The critical and financial success of the Calgary Olympic Games has given him momentum.

It would be exciting if we could host the Games. We hope Paul Henderson is not too exhausted from travelling to delegate countries. He has made a point of visiting the homes of the delegates to sell Toronto. During the recent Summit, he provided free blimp rides to delegates to sell Toronto as a showcase, world-class city and, of course, the only place for the Summer Games.

The original Greek Olympic Games were held every four years at the sanctuary of Olympia in southern Greece from 770 BC to 393 AD, when they were abolished by the Roman Emperor Theodosius. Well, I'm no

Emperor, but at the moment I am the Emperor of the Empire Club, so I guess I can say that if it were up to me, I would grant Paul Henderson his wish.

Paul Henderson:

First of all, I have to clean up your introduction of the head table. We have a very famous athlete in Steve Podborski, who is our great downhill ski racer. But you kind of sloughed over the prettiest face here outside of Margaret Scrivener. Sue Holloway is one of the few women in the world, or few people in the world, ever to compete in both the Summer and the Winter Olympic Games. She competed in cross-country skiing in the Winter Games and won a Silver Medal in Los Angeles in canoeing. And I think we should say well done. She is dynamite. She's also out of work.

Thank you, Tony, for your usual patronizing introduction. As you know, I have the highest position in the world ever attained by a plumber. I am vice-president of the International Yacht Racing Union. I was in Sydney, Australia, a few years ago for a meeting and we were invited to the most prestigious club that I have ever been in, the Royal Sydney Yacht Squadron, and we had a cocktail party. But I decided that I wanted to go and see the Sydney Opera House and so, as usual, I was a little late for the cocktail party. I arrived at the Royal Sydney Yacht Squadron and I wasn't sure which door to go in so I went against my usual habit and went in the front door.

And as I walked in the front door, this rather matronly lady sashayed up to me and said: "I've met the King of Norway and I've met the King of Greece and I've met this lovely man from the Soviet Union, where are you from?

And I said: "Toronto."

And she said: "What do you do in Toronto?"

And I said: "I'm a plumber."

And it's about the longest pregnant pause you've ever seen in your life and she disappeared. And about 20 minutes later she appeared saying: "I know, all you doctors say you're plumbers." She couldn't bring herself to think it.

We're now in the fourth year of a five-year quest to bring the Games of the 26th Olympiad to Toronto. Toronto has had an interest in hosting the Games since 1964 when Bill Allen thought it was a good idea and decided to bid against Montreal and Hamilton for the games of 1976. In the first round, Montreal got 18 votes; Toronto got 18 votes, and Hamilton got 3.

On the next round, you know what happened, Montreal got 21 votes and the rest is history.

The first question everyone asks is "what about finances?" I guess I've heard that same question from everybody for three years. They always say: "Remember Montreal".

Well let's set something straight right now. As I travel the world lobbying IOC members, they, without exception, say that the Montreal Games were the best games ever run. The organization and hospitality were first-rate. As we have studied the various games, we have found that in an operating sense, Montreal made a larger surplus than Los Angeles. Their problem was in the capital cost.

But let's remember something else. Montreal built subways, roads, stadiums, which are still used today and they wrote them off against two weeks of the Olympic Games. If they had used any normal business amortization schedule, say even 10 years, Montreal would have broken even. They made mistakes such as hiring a French architect, who didn't realize Montreal was not the Riviera and built an Olympic apartment complex with outside corridors — great in June but cold as hell in January.

The Big O was elliptical in shape to try to house the track and field stadium inside a baseball-football stadium. No two pieces are the same. Every building that I know of is usually built rectangular or like our Dome Stadium, round, so every piece is like a pie exactly the same as the other. The Big O cost $1 billion. At exactly the same time in Pontiac, Michigan, where they've had the Super Bowl, they built the Silver Dome by private enterprise for $70 million — roof and everything. If Montreal had built the Silver Dome instead of the Big O, they would have broken even in absolute terms.

Everyone thinks Los Angeles started the revenue-producing schemes. The truth of the matter is that Montreal started the lotteries, coins, and stamp programs and corporate sponsorship. Montreal was really the first of the modern Olympics. And as we should know in this country, nobody ever said the pioneers were going to have it easy. Los Angeles studied the Montreal model, used all the initiatives of Montreal, kept the capital costs under control and had a surplus of over $400 million U.S. which has provided a healthy trust fund for athletes.

Everyone then says, we must do it like Los Angeles, and I say, no. Los Angeles made a surplus but left few residual facilities to the city. They still do not have a rowing course, they do not have an Olympic swimming pool and they don't have the most important facility, a small-boat regatta course. And they built no affordable housing projects. Calgary is a much better model to follow. They built first-class facilities, they made a profit, which all plumbers like, and have a trust fund over $100 million left to maintain the facilities for amateur sport. We should be very proud of what Calgary did.

Although we had nothing to do with it, Toronto just happens to be in the most lucrative TV market in the world, with the built-in, sophisticated production capability in English, French, Spanish and every other possible language. There is speculation that the TV rights may be as high as $750 million when they come back to East Coast U.S. Television. Speak about free trade, 90 per cent comes from out of Canada. Although we were told that corporate sponsorship was only a U.S. phenomenon, we have been able to attract 60 of the best corporations in Canada — five banks, five breweries, four oil companies. Thank God for Air Canada, also Canadian Airlines and City Express. Three computer companies, and for the first time ever, Ford and General Motors have been in the same promotion. McDonald's, Coke and Kodak are typical Olympic sponsors who are definitely in and we even have CBC, CTV, and Rogers Cable TV. And TSN is always there when we need them. They all have joined with the desire to help their city host the games of the 26th Olympiad. We have asked for no ongoing position. They just want to be part of the bid. I should let you know that these corporations have committed $8.4 million to the bid.

So let's look at how Toronto should position itself in hosting the Games. The first and most important point is to give the youth of the world an experience that will stay with them all their lives. We must remember that the media focuses on the Gold Medal winners of which there are 249. There are 12,000 athletes from 170 countries who will be coming to this city. Up to 50 per cent will never leave their country again. The IOC's No. 1 concern is this Olympic experience for these athletes. As far as the City of Toronto is concerned, we should do it totally looking at the residual benefit to the citizens of Toronto. Toronto's Director of Parks and Recreation has publicly stated the Olympic Games will give Toronto facilities in six years that it could not achieve in 30 years with normal planning. We would finally get a rowing course. Ned Hanlon would be very proud. A vellodrome in Etobicoke. We'll get an Olympic swimming pool. Fifteen schools within 25 kilometres of Toronto will get world-class running tracks and every school gym will be upgraded. Markham and Mississauga would get athletic complexes and on and on. Events will be scheduled from St. Catharines to Hamilton to London to Sudbury to Kingston.

I must tell you that in scheduling the events from London to Sudbury to Kingston to Niagara-on-the-Lake, this will be the most compact Olympic Games ever held. As far as support, the City Council of Toronto which can't even vote consistently on what the weather is, let alone support something like the Olympic Games, voted 20 to zero to support the bid for the Olympics.

When I first went to see David Peterson, I gave him my pitch and he immediately said, "I'm with you." And he has been one of our great supporters. And we have the total commitment of the Federal Government.

I was born at 21 3rd Street, Wards Island. Toronto Bay is my home, and you can take by that, Tony, that anybody who drank a lot of Toronto Bay water would lose their hair. I was just in China. They've got a new elixir there that hopefully will work. Hopefully the Olympic Games will be the catalyst to return the lake to the city. If we can get the Olympic Village in the East Parkland, and clean up the Don River as the Koreans did the Hahn River in Seoul, and with the installation of a rowing course in the western Beaches, we can tie the Beaches area of Toronto to the Humber with people parks. We will have endowed this city forever.

Everyone says that we can't use the SkyDome for the Olympics. The truth of the matter is that consciously the Dome was not built to house track and field. It was the best decision they made. If they had they would have had a terrible baseball and football stadium and two weeks after the Olympic Games they would have put a bulldozer through it and torn up that beautiful facility. We will use SkyDome for the opening and closing ceremonies possibly, nine days of gymnastics, three days of baseball, the semi-finals and finals of volleyball, the finals of boxing and field hockey. The gate receipts alone for the two weeks of the Olympic Games at the SkyDome will be $100 million.

The new Olympic Stadium is scheduled to be built on the site of the old exhibition stadium and, after the Games, be left about the size of Varsity Stadium, as a basic stadium, with natural grass for soccer. The Olympic Stadium should be designed to be the centre for sport and fitness in this region. It should be the training centre for the elite athletes, as well as their instructors and school Phys. Ed. teachers. I would like to see it used for sport and fitness as the wilderness school on the Island is used for nature studies. Each Grade 7 or 8 class would live at the Olympic Stadium for a week and learn about fitness, nutrition, and hopefully the consequences of drugs. The Olympic Games Charter says the host city must display all aspects of the community during the Olympiad which is a four-year term. Therefore, the cultural events are really a significant program. The Opera House will be a major facility in our planning and I hope they build it. The cultural events in Los Angeles were run by a man from Toronto. They didn't have anybody in Los Angeles capable of doing it so they got somebody from here. They sold 380,000 tickets for the performing arts alone in a 10-week period.

People are now asking what effect the Dubin Enquiry is having on our bid. The world press is very complimentary that Canada is not sweeping it under the table. Everyone has been aware of it for a long time. And the IOC sent out a message to the world before Seoul to clean it up. Remember it was a Canadian-designed lab with a Montreal doctor who ran the testing in Seoul. The Russians, the Americans, the English, the Australians, the Romanians, the Bulgarians, almost every country in the world have admitted their athletes have a problem. And they're setting in place programs to ensure that a chemical enhancement of an athletic performance will have no place in Olympic Sport.

Toronto has a medical infrastructure second to none. Our city has given to the world insulin, the measles vaccine, open-heart surgery, Variety Village. We will provide the most advanced anti-doping test possible. We will test every athlete before they compete to send a message to the youth of the world that drugs should not be part of our society.

Also, we believe that all parts of the athletic community should have their day and to this end we will schedule competitions in the Olympic Stadium for the WheelChair Athletes and for the Special Olympics for the Mentally Challenged.

For the next 18 months, a team of Torontonians will be travelling the world promoting our candidature and also hosting the IOC members and the presidents of the International Sports Federations in Toronto. Our greatest asset is our city and its people. As you know, everyone in the world has a relative in Toronto. Fortunately, many of the IOC members know the city very well.

Toronto is very, very well known. If we get the right to host the games, every team that comes to Toronto will have a resident cheering section. The Estonian community points out that Estonia won more medals in Seoul than Canada, a very painful statement. As the past President of the International Olympic Committee pointed out, the difference between Los Angeles and Calgary was that in Los Angeles, if an American was not in the finals, nobody went; in Calgary, Canadians cheered for everyone — Eddie The Eagle, the Jamaican Bobsled Team and our own Elizabeth Manley and Brian Orser.

Tomorrow is the last day that cities can declare their bid. So the competition, I guess, is now on the table. There's Athens, which I think you all know about, Atlanta, Georgia; Melbourne, Australia; Belgrade, Yugoslavia; Manchester, England; and Toronto. It's the 100th Anniversary of the founding of the modern Olympic games.

We believe that the tradition of the Olympic family should be honoured in a celebration in Greece at the time of the original games in April, centred on the sending of the flame to all the Olympic Cities, being reunited at the chosen site of the 1996 Games which will be a celebration of today's youth in the city that best lives the Olympic dream. Toronto is the chosen city of people from every country in the world. We ask that they respect each others traditions, to work together, to build together and to live in peace. In those terms, we put our city, Toronto, forward as a candidate to host the Games of the 26th Olympiad and trust that you will join us in our quest.

The appreciation of the meeting was expressed by Robert C. Watt, a Toronto lawyer and Director of the Empire Club of Canada.

April 20, 1989

Barbara McDougall
Minister of Employment and Immigration

A CO-OPERATIVE RESPONSE TO CHALLENGE

Chairman: **A.A. van Straubenzee**
President

Introduction:

In Greek, Barbara means "mysterious stranger." But there is no mystery surrounding her success. She has worked tremendously hard to be where she is today, surrounding herself with some of the best people. Stranger — certainly not to me and not to Canada this month.

On a recent campaign trail through St. Paul's, one of my friends accompanied Barbara campaigning through one of her toughest areas on a pouring, rainy night. My friend told me that, with a smile on her face, "she dances into somebody's kitchen, often remembering faces and names, and she makes people feel fantastic. She's incredible. Her campaign office was flooded with people. Her enthusiasm is contagious and her concerns are genuine. Campaigning with Barbara is fun. She believes in what she's doing."

Some people tend to think that success comes easily. Not so. Hard work — a little luck — a lot of pain — more hard work — support of friends — a few steps back — some steps forward and finally people start to see your visions and give you their support and you are then able to make giant steps. Once you have made it, staying there is often the toughest part. Barbara is often noted for saying: "Start early, run fast, finish first." Well, she has finished first and she has managed to stay there for some time and has made a great impression in Ottawa.

Brought up in Leaside, Barbara attended Leaside High where she graduated and was on the Students' Council. She then went into architecture at the U of T. She knew she was going to be a builder. A builder she is — she may not be able to draw lines, but she can certainly draw conclusions.

At U of T she switched to Political Science and Economics. At university she was vice-president of the Students' Administrative Council. Upon graduation from university Barbara was an economic analyst at the CIBC and a market research analyst with the Toronto Star. Out West, Barbara was Manager of Portfolio Investments in Edmonton from 1974-1976 and was an Investment Analyst specializing in forest products with Odlum Brown Ltd. in Vancouver.

Back in Toronto, Barbara became a Vice-President with A.E. Ames and Co. A.E. Ames merged with Dominion Securities and slightly more than a year after the merger, Barbara was a casualty. It was a devastating blow to her — she knows what it is like to be out of work. But what a comeback! From 1982 until her election in 1984, Barbara was the Executive Director of the Canadian Council of Financial Analysts and a government affairs and financial consultant.

She was elected to Parliament in 1984 to represent St. Paul's and was later appointed to the Cabinet as Minister of State (Finance). In June of 1986, she was appointed Minister of State (Privatization) and Minister Responsible for the Status of Women. Now she is Minister of Employment and Immigration and once again is making headlines.

> All growth depends upon activity. There is no development physically or intellectually without effort, and effort means work. Work is not a curse; it is the prerogative of intelligence, the only means to manhood (or womanhood), and the measure of civilization. Calvin Coolidge.

Ladies and gentlemen. Someone who I have respected for many years. The Hon. Barbara McDougall.

Barbara McDougall:

Thank you Tony for the introduction that only an old friend could give. Losing a job is a little bit like losing elections, I think. Some of us have been through it one way, and some of us in other ways, but I have been hired and I have been fired, and, believe me, hired is better. And I feel the same way about elections, so I am very proud to be here once again as the Member of Parliament for St. Paul's, and as the Minister of Employment and Immigration. You will be glad to know that I arrived from Ottawa this morning on time, those of you who are using the airport, but it didn't matter because you can't move on the 401 anyway. At least on the plane you can drink.

Last week I announced, as Tony has pointed out, an important new labour force development strategy for Canada, and, as expected, the initial flurry of response dealt with selected measures in this new package, the inevitable Canadian response of personalizing every clause and every comma down to the last penny. Once this first wave of response was completed, the discussion began to turn to the real essence of our new strategy, and that is the need to devote our resources actively to equip Canada's labour force for the emerging challenges of the 1990s and beyond. That is after all what we were elected to do; to ensure that this country is in every way ready for the exciting reality of a new decade. But that does mean making choices, sometimes tough choices, as we shall all find out in considerable detail next week when my colleague, Michael Wilson, reveals the government's financial plan of action to meet these challenges.

There is a story of Father Divine, the historic con man of the cloth in the 1930s, when he was put on trial and convicted for using the mail to defraud. In sentencing, Father Divine stood up and told the judge: "I'm warning you, you send me to jail and something terrible is going to happen to you." Father Divine, of course, was sent to prison, and a week later, by sheer coincidence, the judge had a heart attack and died. When the warden and the guards found out about it in the middle of the night, they raced to Father Divine's cell and woke him up. "Father Divine," they said, "your judge just dropped dead of a heart attack." Without missing a beat, Father Divine lifted his head and told them: "I hated to do it." Now Michael, of course, is no con man, and in fact I'm not even sure he will have hated to do it, but all of us in all of our various ministries have been looking at the issues that we must address to make Canada more competitive, more confident and retain that sense of compassion that we have for each other.

In our own area that meant asking some of our own tough questions. How can Canada compete when our private sector spends on training only half of what its U.S. competition spends, and considerably less than what many other countries spend? How can we give our workers, our individual Canadians, the skills that they need to provide them with a more secure personal future, and how do we better help our less prosperous regions? Can we afford any longer to have the easiest entry into unemployment insurance of almost any western country? The answers that we have come up with are clear from the announcement that I made last week. Today, I would like to tell you a little more about it because it is a key element of our overall plan to help Canadians prepare for the future.

Much of the debate to date has centred on impacts — impacts on regions, impacts on industries, impacts on individual workers and little discussion has emerged on the key element of the strategy, and that is to enlist all of you in the private sector into playing the dominant role in the training of Canadian workers. Now, why do we believe that the private sector is the key to the future success of the Canadian workforce and the Canadian economy? Our philosophy as a government has centred on this premise since we came to office in 1984. It is behind privatization, deregulation, tax reform, free trade. All parts of the same agenda for revitalizing and redirecting the Canadian economy to meet the requirements of increased globalization and rapid technological change.

We did not expect any or all of these initiatives to be popular with everyone. In many ways they redefine roles and responsibilities, and they challenge vested interests, but as a country, we had become beholden to the great myth of the 1960s that governments should and can do everything. A soaring national deficit, a mortgage on our children and grandchildren, double-digit inflation, double-digit unemployment were our rewards for 15 years of following this illusory course. Unfortunately, while running the country's finances into the ground, the government at that time was also conditioning a generation of Canadians to the concept of the State as a benevolent, omnipresent entity. That kind of conditioning is difficult to reverse and it is often painful, but my concern today is not with the individual Canadians who were led down this garden path of more, more, more by a government cynical enough to believe that loyalty can be bought.

I want to direct my remarks to the private sector, business and labour, both of whom are crucial to the redirection of Canada's economy, and who have a responsibility to do so in the present reality. I have been asked why I expect business to provide training when under similar conditions business turned another crucial element for our future, the research and development tax incentives, into the largest tax scam in Canadian history. Some of you may remember, and we have all paid dearly for that misdirection not only in dollars, but in our loss of competitive edge. We simply cannot afford as a nation to subvert our own ability to compete in the future. It is an irrefutable fact that in the world we now live in, it is people who drive the economic growth, brain power and skill power, and that our future growth will depend more than ever on a highly skilled, flexible, labour force and in individual terms, satisfactions and the rewards which go with better job qualifications.

A 24-per-cent illiteracy rate — 4.5 million people — is unacceptable in 1989 and, yes, we are going to have to address this from our perspective at the federal level. We have commenced that process already but, I would point out, that adult illiteracy is a direct result of a failing education system which is clearly a responsibility of provincial governments and this means of course that we at the federal level have a strong responsibility, but we are not the only players. Business and labour as well as the provinces, as well as the federal government, must become greater partners in this process, and we are prepared as a government to play a role as a facilitator to a national skills development advisory board that we will establish to provide guidance to us on the needs of the private sector and on the practical solutions to training problems.

We are also redirecting $230 million in the U.I. fund specifically to increase training activity in the private sector through co-operative programs. Our intent is to stimulate an additional $1.5 billion each year from the private sector for training from now until 1994. Now, as portfolio managers will know, that is what we mean by leverage, and it is clearly in the best interests of business and labour that we do this. We know this approach will work because it is working already. In 1985 our government radically changed the approach to employment programs. We were faced at that point with a mishmash of more than 40 ineffective make-work programs, and we replaced those with the Canadian Job Strategy because we believe not in making work but in making jobs, and our new approach was to focus on the individual and on the community and on the specific training needs of that individual in his or her own community. It also recognized that bureaucrats in Ottawa are not the people who should be determining what local markets need. That comes best from local people in a local economy. The labour force development strategy will build on the Canadian job strategy model by bringing the private sector — business and labour — together to set the course for each sector and for each industry.

In other words, the people in this room are those who will make up the labour force in the 1990s. There is no new influx of women as there was in the 1970s, and the baby boomers, as we all know, are already there. Canada's demography is changing. We are becoming an older society and consequently we can no longer rely on younger workers to protect older workers from the effects of technological or economic change. People are not going to be served by a system such as the one that I entered (not quite so colourfully as Tony described it), but I am a person who has had three careers with absolutely no training for any one of them, and floundering one's way to success is no longer on, not at any level. It is our job as a society to make sure that people of the future have access to training, and our new strategy recognizes this phenomenon by providing $100 million in new programming for older workers to complement existing programs because we know that older workers have a particular problem.

From an equity standpoint, the strategy recognizes that older workers, like others, do want to work and they should have access to income protection as others do — and past age 65. I should add that this means of course the bad news is that they will continue to pay premiums after age 65 as well since they chose to remain in the labour force. Women have also changed the face and the faces of our labour force, and we have recognized the importance of their participation — not just their participation, but their contribution to our economic wellbeing by providing not only additional training, but also other supports through enhanced maternity, parental and sickness benefits. Now, contrary to the traditional view in the business community, these supports are essential to maintaining a highly trained and effective Canadian workforce in the 1990s.

Women represent 52 per cent of the people of this country, they represent 52 per cent of the talent in this country and they are key to our competitiveness in the future, most particularly when business is now in a position where it must utilize the best human resources at its disposal. Now, I keep telling Canadian women to raise your sights, to go for the good jobs, and don't settle for second best. I say the same thing to Canadian business, raise your sights, go for the good employees and don't settle for second best and many of the best will be women.

Recognize that the labour market in Canada is changing, that we must treat each individual Canadian worker as a vital national asset, men, women, older workers, young workers, minority groups, everyone, and it is my view that business will ignore this at its peril. I have asked Canadian workers to modify their behaviour to meet the new challenges and the realities of the future. Businesses must adjust along with them and that is the key adjustment needed in Canada today, the two working side by side. I believe the time is right to do that.

Canada is a complex country. In some areas we have unacceptably high rates of unemployment, while in other areas, jobs go begging for applicants and, paradoxically, even in some of the high unemployment areas, there are job vacancies because of skill shortages in that area. Clearly, facing such a problem, there must be many solutions, not just one. That is why we have rejected the sweeping proposals of some previous studies. We cannot solve all of the labour market's problems in one fell swoop through government intervention. That is why we have chosen an existing mechanism, the Unemployment Insurance Program, which already has some training programs, to redirect passive programs to more active uses, and even this approach has been done with moderation. That has been our approach all along, to point people in the right direction and, inevitably, they will find the right way, the right way for them as individuals, and as communities, and as businesses.

We have been accused for example of merely shifting people from Unemployment Insurance to welfare. Nothing could be further from the truth. First, past experience has shown that when entrance requirements for Unemployment Insurance have been increased — and this is not the first time this has been done, the Liberals did it in 1977 so we have some behavioural evidence — people did, in fact, adjust their behaviour. In the worst case they got the extra weeks of work necessary to qualify for Unemployment Insurance and, in the best case, obtained permanent employment. Second, recognizing that people need skills if they are to break out of the "welfare trap," we have provided an additional $50 million to train social assistance recipients. When this money is matched by another $50 million from our Canada Assistance plan, and with matching provincial funds, we are making an additional $200 million available to improve employment prospects for 20,000 more social assistance recipients. That is in addition to the $600 million already available in an existing program I might add, that has already had an encouraging success rate. It was started by this government in 1986 and puts a lie to the myth that people on welfare do not want to work, because they do. We recognize that Canadians want to work and we are doing something positive and constructive about it.

Since we were elected in 1984, 1.4 million more Canadians are working, so we believe that we do have the tools, we have put them in place and we don't have to take a back seat to anyone on this subject. Clearly the best income security for any Canadian worker is a job, and the second best form of income security for any Canadian worker is the skills and the training necessary to obtain those jobs and to obtain good jobs. Income support is important, but we must return to the principle that it is a temporary measure and not a permanent remedy. In fact, a fundamental principle of our strategy is to establish a whole continuum of programs and of services — federal government labour market programs and skill-development initiatives from business and the provinces and a co-ordinated effort to deal with the problems of unemployment skill upgrading, literacy, and permanent and secure jobs. These are necessary steps, we believe, to help meet all of the needs of the changing labour market, the needs of current workers, of employers and those Canadians who are wishing to find a productive place in our labour market because we all know that the status quo is no longer an option, not for any of us.

The competitive challenges we face are real, and they demand a co-operative response, a national effort that mobilizes all of our resources and all of our talents. To continue to grow and prosper in the 1990s and beyond that into another century, Canada needs first and foremost a dynamic, flexible and highly skilled workforce. Individual Canadians need to know that they have a role to play, a productive role that will produce for them a better life. Now, as we proceed through this, I will be introducing the necessary legislation on unemployment insurance in Parliament later this spring. In the meantime, I will continue to be consulting with business and industry and labour and all the various provincial governments and interested parties on how we can best prepare Canadians for the changes to come. And I would of course welcome your support and your intervention — some of my old friends in this room today — because your input and your co-operation are essential if we are going to build on our recent economic growth and achieve our great national objectives. By working together we ensure that Canada is poised to take advantage of a period of unprecedented opportunities and to meet those objectives of competition, competence, strength, compassion and, at the end of the day, sovereignty.

Thank You.

The appreciation of the meeting was expressed by Maj.-Gen Bruce Legge, Partner, Legge and Legge, Past President of the Empire Club of Canada and The Empire Club Foundation.

Mr. President, Madame Minister, Miss Sarah Band, distinguished guests and fellow members of the Empire Club of Canada. I think that the president was very astute in describing Barbara McDougall as a runner who starts early, runs fast and wins. In these new days of Glasnost and Perestroika, it was reported in Pravda that when General Chairman Gorbachev was in New York, he and President Bush had worked out together and they had a little run at the end, a little race, and Pravda reported that Gorbachev came second and Bush came second to last. So, you can see that in all of these fine things to do with philosophy and politics, the reporting means a lot.

I think that we were very fortunate today to have the minister describe her objective — which is to strengthen Canada by having a skilful, determined, educated and hardworking workforce. If you look at a few relative statistics since the turn of the century, Canada has always had about the same population as California and right now they are both at about 25 million. So the problems for the minister in dealing with unemployment and skills are infinitely harder in such a diverse and enormous country as Canada. The other thing is this minister has had to make very hard decisions.

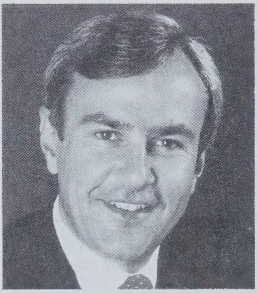
Consider the decision to have no amnesty for people who are here illegally. The easiest thing would be to have amnesty, but that would be completely against the Canadian concept of peace, order and good government, absolutely against what Canada stands for. So, instead of that, she has evolved a system for adjudication that will move through the refugees very quickly, and that is not turning Canada into a police state. The Mounties motto is not "They always get their man," but "Maintien Le Droit," they maintain the law. So, you have to have, as this minister clearly stated, a determination to improve and at the same time make it fair by observing the law.

I was touched, minister, by your mention of compassion. Canadian law is full of equity and the Latin concept is "Justicia et humanitas," justice with humanity. If you have justice without humanity, you have no justice. So it is very important that you keep talking and giving the leadership for the kind of system that you envisage.

I thought this morning that the Financial Post paid you a real tribute by having one of your more eloquent critics take up a whole page, and he ended up his criticism by saying that unemployment insurance is designed to have people bounce back, as on a trampoline, to paid employment. As I understood your speech today, that is exactly what you are attempting to do. So, if you can turn unemployment insurance into an institution for improving Canada as your speech indicates, then you will have done a great service to Canada.

I never thought that I would find that a minister of the Crown reminded me of Mae West, but in this instance it has nothing to do with the figure and form and joie de vivre of Mae West, but has to do with her philosophy. If you are turning unemployment insurance into a great institution, she said the same about marriage. She said: "Marriage is a great institution, but I ain't ready for an institution yet."

So, thank you minister for coming here and stating policy, and talking common sense, and reminding us of justice and humanity. We are indebted to you.



April 24, 1989

A joint meeting of the Empire Club of Canada and the Canadian Club of Toronto.

David Peterson

Premier of Ontario

EDUCATION AND THE FUTURE

Chairman: **Joyce Koffman**
President-Elect, the Canadian Club of Toronto

Introduction:

I think that it is very considerate of all of you to be here for my installation. I did not expect so many of you and perhaps it is your curiosity to see how effective employment equity is as it functions within the guidelines of the Canadian Club. Certainly, there is no discrimination as to salary. However, I realize that if the truth be known, you are here because of our very important guest speaker, the Honourable David Peterson.

Mr. Premier, your topic today could cover many areas. I would like to quote from an eminent Canadian writer about some of the changes that he saw affecting society.

> The population while still increasing has every year more and more old people and fewer and fewer infants. This will mean to the eye of the economist, clear changes in the structure of industrial life; more provision for the wants of old men and women and less for that of children; the toy trade less important than the wheelchair industry; the tin trumpet beaten by the ear trumpet; fewer children's books and ever so many more books of reminiscence, with infancy and senility joining forces to augment the trade in macaroni and milk.

So said Stephen Leacock in 1941.

In 1989, your government is faced with the reality of this prognostication, this and many more problems. You are quoted as saying: "They are not easy problems to solve" and although the critics are ever present, we appreciate your dedication and leadership and look forward to hearing about some of the solutions you are seeking. Perhaps some intimations of a throne speech.

Premier David Peterson:

Joyce, I thank you for your kind words, and distinguished members of the head table. Gordon, I must say it's a pleasure to be here when they're finally throwing you out. And let history record, it's not the first or the last career that I have finished off, but may I thank you for the great contribution. Tony's leaving very shortly as well. And for these two distinguished gentlemen who have reigned over the Empire and Canadian Clubs, I bring my greetings and my thanks.

And may I say what a joy it is for me to be back. I believe this is the third occasion that the clubs have got together to hear my words and I think it's particularly auspicious that you arranged this luncheon before the budget, because, after next Thursday, only Hal Jackman will be able to afford to attend. Look at that cigar. It's worth more than my suit.

For me it is a joy too that the two clubs would come together to hear some of my thoughts on this occasion and I must say it's very thoughtful of you, Gordon, to invite my parents from London to be with me. You're quite right. It is far more scary to speak in front of them than it is in front of you. They will not hesitate to give me their advice on my remarks after I have finished, let me assure you. And it is also auspicious, I think, that I am sharing my thoughts with you some 24 hours before the legislature of this Province reconvenes for a session that will have a Throne Speech, giving you a sense of our agenda for reform for tomorrow and for the long term. Tomorrow the Speech from the Throne will target the key priorities that this province must address over the next few years and outline the kind of solutions that we plan to pursue in areas of education, social-assistance reform, environment, economy and other areas as well. But it has to be said that a priority for our government is our future, not the past.

Joyce, I was very interested in your quotation from Stephen Leacock when you introduced me and you described the problems of our country, indeed, of the Western industrialized world. And you talked of the pressures and the changes that that brings and all of that is one set of pressures. But wouldn't it be a terrible tragedy to let that preoccupy us and not concentrate on our future as a province and as a country. We can never let our young people, who do not vote by the way, be sacrificed in terms of our responsibilities to them.

Really that is going to be the tone and theme of our Throne Speech, that the single most important investment that we can make as a society is in our future and in our children. We want our children to grow up in stable communities. We want to make sure that they have enough to eat. And isn't it a tragedy that in the midst of this unparalleled affluence in this city and in this province, we still have more kids going to food banks than ever before.

We've got to make sure that they are given unparalleled opportunities to learn and we've got to make sure that we bequeath to the next generation the fundamental legacy of quality health-care assistance, social-service assistance and a clean environment. And, at the same time, we have to recognize that our ability to shape this heritage depends on our capacity to maintain the economic buoyancy which underpins progress in all of these areas. Our children will be able to reap the quality of life we seek for them only if we sow the seeds of economic growth today which will make it possible in the future.

I would argue that the single most important public policy lever that we have as a government — indeed that we have as a society — to shape the future, is in our educational system. A system that will not only provide our economy with the capacity to grow in the future but also will provide individual children, individual people, with the ladder of opportunity available to all society. Today is the first day of Education

Week and I think it's appropriate to ask how different each one of our own lives would be had we not had the opportunity to have the education that we do have. The question now is, will our children lead the same kind of life that we have led and what will be the effects if they don't have an opportunity to fulfil themselves, and are we fulfilling our commitment as a society in educating our children to take new roles in an ever-changing world?

The answer, it seems to me, if we fail, is that we will be the first generation of modern history to see our children not be able to have the same standard of living that we have achieved, we their parents. We spend an enormous amount on education. Our educators, our parents make a tremendous effort in education. It is our job to maximize on that investment and make sure we're getting a real result, and I don't think there's any question that our schools are doing a better job than they were some years ago. But there's another reality, and one of those realities, as many would say, is that we're not keeping pace with other nations, nations that our children will be competing with for jobs and opportunities in the future. And no longer can Canadians count on making a living the way we have made it in the past. The nations that we used to supply with conventionally manufactured goods are now supplying themselves. The customers who used to buy our raw resources are now turning to Third World countries. We cannot compete with the new players on their ground of low-cost labour and low value-added products. Our workers will not tolerate Third World wages and certainly should not be expected to do so. We should not have to become poor in order to compete. But it is a fact of life that many of Canada's traditional jobs are going to less developed nations. So the challenge for us is to develop new jobs in their places, jobs that add more value to the economy and provide higher wages for the people who perform them.

That is why, some time ago, we established the Premier's Council, to develop in conjunction with the private sector — business and labour — as well as leading members of academia, to steer and turn into the forefront of global, economic and technological leadership. The Council has studied the Ontario economy in unprecedented depth and there's going to be a great debate at the Board of Trade this evening between those who don't believe that the government has a role in shaping the future and of working with the private sector and those that do.

One of the things that the Council has determined is that our education system is more important than ever in achieving prosperity and in assuring that all can share it. We face the need to produce new products and services for new markets, but our ability to do so will be undermined by changes in our own work force if we don't respond. Over the next decade, the growth rate of our labour force will decline and its average age will increase. Our work force will include more women and a higher proportion of immigrants.

In order to achieve the kind of standard of living we want all of our people to enjoy, we will have to ensure that every member of our society has the greatest possible opportunity to contribute to our ability to compete. A global economy characterized by wide-open markets and newly emerging competitors will change the way that Ontarians make a living in a number of very fundamental ways. The decline in low-wage sectors will eliminate many low-skill jobs. The shift to knowledge-intensive industries will require workers to sharply improve their skills. The growth of specialized firms will make it essential for workers to have broader skills so they can perform more functions in smaller and more integrated workplaces.

Indeed, these challenges are already being felt in our economy. We can no longer just talk about the coming age of technology. It has already arrived and it's already testing our ability to adapt to it. Already, two-thirds of Canadian businesses have introduced advanced office techniques. Almost half of Canadian businesses have introduced advanced manufacturing techniques. Early in this decade, foreign competition sharply accelerated the adaptation of new technology, for example, in the auto industry. The auto-parts industry is now following suit. And the auto sector is just one that's leading the way in new methods of production. By next year, there will be 2½ times as many workers involved in the use of robotics as there were four years ago. And the number of workers using personal computers and computer-aided design will have doubled. Technology changes faster than our attitudes and, in many ways, much faster than the capacity of our institutions to keep up, but we have to catch up, and we have to run ahead.

Advanced manufacturing will eliminate many traditional approaches and will require new skills and new attitudes. Top-down decision making will give way to shared responsibility; piecemeal changes will be replaced by integrated planning, and those who attain a relevant education will be in the best position to take advantage of the changes. And those who fail will be left behind. Quality education provides prosperity for society as a whole, and the strength of industry depends largely on the quality of its work forces, as many businessmen tell me, and they are now prepared to do something about it. That is why all of us must place a higher and higher premium on knowledge, on skills, and dependability and flexibility of our work force.

Let me give you just one example of this reality. Goodyear Tire came to us a year or a year and a half ago and said they wanted to build a new plant in Ontario, and, like all good capitalists, they asked for a little help from the government. They decided they wanted to locate on the 401 corridor to the east of Oshawa somewhere because their principle customer was General Motors in Oshawa, and we said anywhere they wanted to go was fine with us. Unbeknownst to the government, Goodyear sent out a team of men and women to analyse all of the areas east of Oshawa along the 401. They came back and said they had chosen Napanee to place their new factory. The question was why?

Because they had analysed secretly every high school in eastern Ontario and every technical education program and they came to the conclusion that the best program was in Napanee, at that high school, and that would provide the most stable work force that they could find in Eastern Ontario.

Hence, a $320-million investment is going into Napanee, Ontario. They realized that the work force is the single most important factor in the future success of their investment. Indeed, in many innovation-based industries, the industries have to provide the majority of economic growth in the future. The quality of labour is a greater concern than the cost of labour. Low-cost workers also have little to offer if they're low-skilled workers.

So I believe it is incumbent upon all governments, and I include the federal government with their labour adjustment programs, to recognize that jobs and education and skill training go hand in hand. It will be the key to the future of this province and this country. More than half of the jobs that are created will depend on some education beyond high school and one-third will require a college education. How then will we be able to meet that need when one-third of our young people do not even complete high school today. How will our children take advantage of global opportunities when they spend less time in school than the people they compete against. Our children's ability to participate fully in the economy, indeed in society, depends on our ability to provide them with the basic tools that they need, and we have got to ensure for them the opportunity to benefit fully from every stage of our educational system.

In the foundation years in junior and senior kindergarten, they need a solid introduction to the world of education. We've got to ask ourselves if we're giving our children too late a start in education. Our children should have an opportunity to start school earlier than they do now, at an age when they could reap the greatest benefit. The early childhood years are vital for acquiring the basic learning and social skills needed to lay down the foundation for educational achievement. Children raised in an era of computers and educational television are able to start that process at a much earlier age than ever. One need only look at one's own children today, and I could tell you, in my case, my kids are a lot smarter than their old man. That does not apply to me and my parents. I want you to know that.

We believe that a good start is vital, that we must also take a look at the students' learning needs throughout the school years. In the formative years, Grades 1 through 6, students must be given the chance to broaden the life and learning skills they will need forever, and that is why, in the coming year, the government will complete its commitment to reducing class sizes in Grades 1 and 2. It's a good beginning but other kinds of efforts must follow as well. In the transition years, Grades 7 to 9, youngsters must have the opportunity to make the adjustment from basic learning to the more advanced and specialized studies of high school. During this period, they must not be cast into a stream that may not take them where they ultimately want to go. No one in our view should be required to foreclose on their options at the age of 14. In the specialization years, Grades 10 to 12, students must be able to build on a solid base of learning skills and carve out the niche that is right for them. We must recognize that it will not be the same for every young person in this province and we must be sufficiently flexible to assist each one. After all, we cannot expect that every boy and girl would grow up to be a lawyer because it may lead to politics.

Indeed as a society we're already educating something like 10 times as many lawyers and accountants as Japan, but only one-third as many scientists and engineers. That says something about the focus of our country. Lawyers and accountants are just overhead as far as I'm concerned. But we need more focus on science and technology and more assistance for young people with the aptitude and desire to go into the skilled trades. We can no longer afford to regard highly-skilled trades as second-class opportunities. Our children need to be exposed to a variety of options including jobs in the advanced manufacturing sector. We in Ontario have not done enough to help our young people prepare for these jobs and the forecast shortage of skilled trades people demonstrates that fact.

These are some of the kinds of things we must change if our children, regardless of family income, are to have the kind of future that they deserve, and if our economy is going to provide the kind of growth that it will need in the future to sustain the kind of humane and tolerant and decent society that we have here in Canada. Without educated workers, men and women who are literate, motivated and adaptable, Canadian companies will face an insurmountable disadvantage compared to our competitors. And Ontario faces the risk of losing forever its opportunity to be competitive. Education, we believe, can change that. But, to be completely successful, education must be prepared to change as well. We must shape a school system that does not just teach students but also helps them to learn even beyond their school years. This requires learning that comes in a classroom setting and learning that comes from experience as well.

Hence, the great move into co-operative education that we have experienced in this province which is unbelievably successful. In order to learn all that they can and all that they must, our young people will have to get the chance to learn in the community as well as in the workplace, and I believe that we are going to need co-operation at all levels. This isn't just a responsibility for the government or the educational system, it's going to involve industry and labour and service agencies and all of our educational institutions as well as teachers and parents.

Now more than ever, given the brave new world of liberalized trade and the enormous changes that are overtaking our society, education must be viewed more and more as the great equalizer, and educated men and women must be recognized as the greatest resource that we have.

And so I say, in conclusion, that I believe that through our education systems and our commitment to our young people in the future, we can bestow on our society our greatest hopes for the future. Not only our best hope for strengthening our ability to compete and prosper, but also our brightest hope for providing all of our kids with a fair and equal chance in life.

The appreciation of the meeting was expressed by A.A. van Straubenzee, President of the Empire Club of Canada.

April 27, 1989

Audrey Hepburn

Actress and Special Ambassador to UNICEF

FOR THE CHILDREN

Chairman: **A.A. van Straubenzee**
President

Introduction:

Miss Hepburn, Mr. Wolders, Reverend Sir, Honoured guests, Past Presidents, members and friends of The Empire Club of Canada:

We wanted to end our Empire Club season "With a Beautiful Memory."

van Straubenzee's got it — I think he's got it — by **George** he's got it. "Wouldn't it be luverly," I thought — "I'm just an ordinary man." And "She's just a country mouse from Lausanne — and she says animals are much more reasonable than people."

"Her face is perfectly funny. The bones are good," Mr. Astaire said "when he got finished with her, she would look like a tree." "Her modesty appeals to us too and, yes, she fills the air with smiles".

"Thursdays are normally gruesome" *Certainly today in Ottawa* but not here.

"She's like holding springtime in your arms".

What this meeting is all about is empathicalism — the most sensible approach to true understanding and peace of mind. Do you know what the word empathy means? It goes beyond sympathy. Sympathy is to understand what someone feels. Empathy is to project your imagination so you actually **feel** what the other person is feeling. To put yourself in the other person's place.

It's wonderful, it's marvelous, that you should care for the children — it's made your life so admirable. "The Lord above made man to help his neighbour and man was made to help support his children." "You've been such a good sport."

So, Audrey, to use the words of Jo Stockton in Funny Face: "I hope you feel like expressing yourself now. It's a form of release."

"We opened the cocoon but it wasn't a butterfly that emerged, it was a bird of paradise."

"She's quite a common girl." She'd say: "He's off his jump he is." "She's a right to be here — as right as you."

And Audrey and Robert: "Two drifters off to see the world, there's such a lot to see," such as the Sudan. "We're after the same rainbows and waitin' round the bend, my Huckleberry friend, Moon River and me."

"She's too thin and her ears stick out and her teeth are crooked and her neck is much too long. She's the girl in the afternoon." She'd ask: "Is he the world's champion blind man?" "People shouldn't say mean things." "You should see your face," he said. "Why, what's the matter with it?" she replied. "Nothing — it's lovely" he answered.

Ladies and gentlemen, may I present to you Liza Doolittle — Jo Stockton — Sister Luke — Natasha — Joanna — Holly Golightly — Sabrina — Princess Anne, and, as you will soon realize, most important of all, UNICEF's Goodwill Ambassador, Audrey Hepburn.

Audrey Hepburn:

How can I possibly thank you enough? Dear Tony, you did write to us a year ago and I have had a year to get nervous but also to look forward to this wonderful occasion and I am so grateful. I also feel very honoured to join a list of extraordinary speakers and thank you for piping me into battle, UNICEF's battle against the suffering of children.

I must say that up until a year ago, before I was given the great privilege of becoming a volunteer for UNICEF, I used to be overwhelmed by a sense of desperation and helplessness when watching television and reading about the misery of the developing world's children and their mothers where 60 per cent of the populations of most countries live below the poverty level. And by that I mean no water, no sanitation, no electricity, no primary health care, no education. If I feel less helpless today, it is because I have seen what is being done by UNICEF and many other marvellous organizations and agencies, by the churches, by governments and most of all, with very little help, by people themselves.

The effects of the monstrous burden of debt has made the poor even poorer and has fallen most heavily on the neediest, and those whom it has damaged the most have been women and children. We must do more about the alarming state in which the children in the developing world are only **just** surviving, especially when we know that the finances needed are minimal compared to the global expenditure of this world; when we know that less than half of one per cent of today's world economy would be the total required to eradicate the worst aspects of poverty and would meet their basic human needs over the next 10 years. In other words, there is no deficit in human resources. The deficit is in human will.

The question I am most frequently asked is: "What do you really do for UNICEF?" Clearly, my task is to inform, to create awareness of the needs of children. To fully understand the problems of the state of the world's children, it would be nice to be an expert on education, economics, politics, religions, traditions and cultures. I am none of these things, but I am a mother.

There is, unhappily, a need for great advocacy for children — children haunted by undernourishment, disease and death, and you don't have to be a financial whiz to look into so many little faces with diseased, glazed eyes to know that this is the result of critical malnutrition, one of the worst symptoms of which is Vitamin A deficiency that causes corneal lesions resulting in partial or total blindness followed within a few weeks by death. Every year there are as many as 500,000 such cases in countries like Indonesia, Bangladesh, India, the Philippines, Ethiopia. Today there are in fact millions of children at **risk** of going blind. Little wonder that I and many other UNICEF volunteers travel the world to raise funds before it is too late, but also to raise awareness and to combat a different kind of darkness — a darkness people find themselves in through lack of information on how easy it is to reach out and help these children.

I have known UNICEF a long time. For, almost 45 years ago, I was one of the tens of thousands of starving children in war-ravaged Europe to receive aid from UNICEF immediately after our liberation that freed us from hunger, repression and constant violence, when we were reduced to near total poverty as is the developing world today. For it is poverty that is at the root of all their suffering — the not having — not having the means to help themselves. That is what UNICEF is all about, helping people to help themselves. Giving them the aid to develop, thereby allowing them to become self-reliant and live in dignity.

Unlike droughts or floods or earthquakes, the tragedy of poverty cannot easily be captured by the media and brought to the attention of the world-wide public. It is happening not in any one particular place, but in slums and shanties and neglected rural communities across two continents. It is happening not at any one particular time, but over long years of increasing poverty which have not been featured in the nightly news but which have changed the lives of many millions of people, and it is happening not because of any one visible cause, but because of an unfolding economic drama in which the industrialized nations play a leading part. It is spreading human misery and hardship on a scale and of a severity unprecedented in the post-war era. In Africa, for instance, in spite of national reforms, improved weather conditions and a surge of their agricultural output, all their hard earned gains have been undermined by international economic trends and a drastic fall in commodity prices. They are now compelled to return four times as much money as they were loaned, but the poorest sectors of society in the developing world are also suffering as a result of the tremendous inequality in the distribution of land and of other productive resources. The terrible consequences of social injustice.

UNICEF's business is children, not the workings of the international economy. In it's every-day work in over 100 developing nations UNICEF is brought up against a face of today's international economic problems which is not seen in the corridors of financial power, not reflected in the statistics of debt-service ratios, not seated at the conference tables of debt negotiations. It is in the **face of a child**. It is the young child whose growing mind and body is susceptible to permanent damage from even temporary deprivation. The human brain and body are formed within the first five years of life and there is no second chance. It is the young child whose individual development today and whose social contribution tomorrrow are being shaped by the economics of now. It is the young child who is paying the highest of all prices.

We cannot therefore ignore the economic issues which for so many millions of the world's poorest families have made the 1980s into a decade of despair. Three years ago, Tanzania's president, Julius Nyerere, asked the question: "Must we starve our children to pay our debts?" Today the heaviest burden of a decade of frenzied borrowing is falling not on the military or on those foreign bank accounts or on those who conceived the years of waste but on the poor who are having to do without the bare necessities. On the women who do not have enough food to maintain their health, on the infants whose minds and bodies are being stunted because of untreated illnesses and malnutrition and on children who are being denied their only opportunity ever to go to school, and when the impact becomes visible in rising death rates among children, then what has happened is simply an outrage against a large section of humanity. Nothing can justify it.

The consensus now beginning to take shape is that the burden of debt must be lifted to a degree where the developing countries can cope with debt repayment, to the point where their economies can grow out of their overwhelming indebtedness and set them on the road to recovery and real development.

This year brings a glimmer of hope. Regional tensions between superpowers appear to be lessening. Progress in peace and disarmament may at last be being made. Several of the long-running armed conflicts in the world appear to be coming to an end. China is increasingly engaging in the world economy, the Soviet Union is showing more interest in working with multi-national organizations, much of Asia is making steady economic progress, world population growth is beginning to be brought under control, change is everywhere. And if at this time there is the vision to use this opportunity creatively to see a brave new world and to dare to reach for it, then there is a real possibility over the next 10 years to begin to come to grips with a triad of fundamental problems which threaten mankind — the presence and the threat of war, the deterioration of our environment and the persistence of the worst aspects of absolute poverty.

In many countries there now appears to be a widening concern for children, a growing alliance among political leaders, the press, the professional bodies and the private voluntary organizations in both developing and industrialized nations. Many of the great social changes of modern history — the abolition of slavery, the ending of colonial war, the isolation of apartheid, the increasing concern for the environment or the growing recognition of the rights of women — have begun with rhetorical commitment which has eventually turned into action. In the 1990s it may at last be the turn of the child, and our dream for an international summit for children and a ratification of the convention for the rights of a child could become a reality.

They say that anyone who does not believe in miracles is not a realist. UNICEF performs realistic miracles every day. UNICEF has brought relief everywhere regardless of race, creed, nationality, or political beliefs. They work together with all governments, churches, and other relief agencies. Together with the Catholic church, they have brought wars and civil strife to a standstill for several days to vaccinate children on both sides of the lines by negotiating truces in El Salvador, Uganda, Lebanon, North and South Vietnam. It is not without reason that UNICEF was awarded the Nobel Peace Prize in 1965.

UNICEF has supported the digging of wells, installed thousands of pumps. UNICEF has provided megatons of food and vaccinations. In 1974, only five per cent of the developing world's children were immunized. Today, 60 per cent. They have trained more than half a million health workers, given technical supplies and equipment for 61,500 health centres and on and on and yet, I repeat, 40,000 children still die every day. No national calamity, be it flood or earthquake, has ever claimed as many children's lives. This happens every week, mostly in the silent emergency of easily preventable diseases like polio, tetanus, tuberculosis, measles and, the worst killer of all, dehydration from diarrhoea caused by unclean drinking water and malnutrition. It costs $5 to vaccinate a child for life, six cents will prevent death from dehydration, and 84 cents per year will stop a child from going blind. How is it that governments spend so much on warfare, and bypass the needs of their children, their greatest capital, their only hope for peace.

I must admit to you that the magnitude of the task that UNICEF has undertaken sometimes overwhelms me, and I am saddened and frustrated when I stop to think of what we can't do, like change the world overnight, or when I have to deal with the cynics of this world who argue: "Is it morally right to save the lives of children who will only grow up to more suffering because of poverty due to overpopulation?" Letting children die is not the remedy to overpopulation. Family planning and birth spacing is. Rapid population growth can be slowed by giving the world's poor a better life, giving them health, education, housing, nutrition, civil rights. These things are not free but available at a cost that developing countries can afford, given the assistance they need. China, Indonesia, Thailand and Mexico have already proven that population can be slowed by working on public health and education and family planning.

The World Bank now forecasts that by the early 90s, the world should reach the historic turning point at which the annual increase in global population begins to decline. It is also true that in no country has the birth rate declined before infant death has declined. In other words, parents can plan to have two children instead of having six in the hopes that two will survive, and that is why UNICEF is also dedicated to educating and informing mothers in child care for it is the mother who is still the best caretaker of her child. UNICEF supports any amount of educational projects for women in the developing countries that relate directly to health and nutrition, sanitation and hygiene, education and literacy.

So, today I speak for those children who cannot speak for themselves; children who are going blind through lack of vitamins, children who are slowly being mutilated by polio, children who are wasting away in so many ways through lack of water; for the estimated 100,000,000 street children in this world who have no choice but to leave home in order to survive, who have absolutely nothing but their courage and their smiles and their dreams; children who have no enemies yet are invariably the first tiny victims of wars that are no longer confined to the battlefield but which are being waged through terror and intimidation and massacre; children who are therefore growing up surrounded by the horrors of violence. I speak for the hundreds of thousands of children that are refugees. In the last few weeks more than 20,000 starving orphan boys have fled from the Sudan into Ethiopia. Many of these boys never make it to safety. They either die of hunger on the way (it sometimes takes them months of walking to reach their destination) or they drown in the river which divides the Sudan from Ethiopia. This has created a heartbreaking phenomenon never seen before — a camp full of small boys. There too UNICEF is present. The task that lies ahead for UNICEF is ever greater, whether it be repatriating millions of children in Afghanistan or teaching children how to play who have only learned how to kill.

If we are meant to love thy neighbour as thyself, then surely we should love these children as our own. Those thousands of children that died in Ethiopia, did those children have to die to wake the world's conscience to our human obligation towards the child? Should children be asked to pay such a terrible price to awaken the world to the plight of other children? Charles Dickens wrote: “In their little world, in which children have their existence, nothing is so finely perceived and so finely felt as injustice,” injustice which we can avoid by giving more of ourselves. Yet we often hesitate in the face of such apocalyptic tragedy — why, when the way and the low-cost means are there to safeguard and protect these children? It is for leaders, parents and young people, young people who have the purity of heart which age sometimes tends to obscure, to remember their own childhood and come to the rescue of those who start life against such heavy odds.

Children are our most vital resource, our hope for the future. Until they can be assured of not only physically surviving the first fragile years of life, but are free of emotional, social and physical abuse, it is impossible to envisage a world that is free of tension and violence. It is up to us to make it possible. It is we who must accept our moral obligation towards the millions of children who live in chronic poverty whether at home or in the streets.

UNICEF is a humanitarian institution, not a charitable organization. It deals in development, not in welfare, giving handouts to those waiting with their hands outstretched. On my travels to Ethiopia, Venezuela, Ecuador, Central America, Mexico and the Sudan, I have seen no outstretched hands, only a silent dignity and a longing to help themselves — given the chance. UNICEF’s mandate is to protect every child against famine, thirst, sickness, abuse and death. But today we are dealing with an even more ominous threat, man’s inhumanity to man, the dark side of humanity — selfishness, avarice, aggression, which is polluting our skies and our oceans, destroying our forests and extinguishing thousands of beautiful animals. Are our children next?

That is what UNICEF is up against. It is no longer enough to vaccinate our children, to give them food and water, and only treat the symptoms of man’s tendency to destroy, to destroy everything we hold dear, everything life depends on, the very air we breathe, the earth that sustains us and, most precious of all, our children. Whether it be famine in Ethiopia, excruciating poverty in Guatemala and Honduras, civil strife in El Salvador, or the ethnic massacre in the Sudan, I saw but one glaring truth. These are not natural disasters, but man-made tragedies for which there is only one man-made solution, peace, and that is what the United Nations has long understood, and has worked tirelessly toward for many long years. They have achieved the first giant step by negotiating corridors of peace in the Sudan along which 115,000 tons of provisions are now being transported which must reach their destination before the rains come, thereby hoping to avoid the repeat of the 250,000 deaths through starvation that occurred last year. The Sudan, this enormous country, the largest in Africa, where one of the most brutal civil wars ever known to mankind is being waged, where virtually all the population has been uprooted and displaced in fear of four threats, all of them deadly — the government troops, the rebels, hostile enemy tribes and famine.

I saw hundreds of thousands of men and women and children in camps, both in the government north and in the rebel-held south. Camps and now overcrowded towns where hundreds of newcomers arrive every day after months of walking. Many die on the way, phantoms carrying their sick transparent babies, but reaching their destination, urged on by the one human quality which is the last to die, hope. Even if this mammoth operation Life-Line Sudan were only to achieve half its goal due to the countless odds it is up against in a vast country with no infrastructure, few roads to speak of and no communication system, it will have succeeded. Not only in saving thousands of lives, but together with the government, the rebels, the brave, tireless NGO's, pilots, truck drivers, loaders and operation officers, it will have given the Sudan hope, and the United Nations will have proven that only through corridors of tranquillity can children be saved, and only through peace can man survive.

There is so much we cannot do. We cannot give the children back their parents, but we **can** return to them the most basic of human rights, the right to health, to tenderness, to life.

Thank you.

The appreciation of the meeting was expressed by Maureen Sabia; President, Maureen Sabia International Ltd., corporate lawyer and Director of the Empire Club of Canada.

The kind of magic spun by a wide-eyed Princess in Rome, by Holly Golightly, Sabrina, the thin girl, or indeed Sister Luke has enchanted us all. But their magic, powerful as it is, fades somewhat beside the enchanting reality of Miss Audrey Hepburn.

Miss Hepburn personifies what are in today's topsy-turvy world some rare, but to me, cherished virtues. We have heard today from a woman of passionate commitment, a woman determined to make a difference. Miss Hepburn makes a difference in so many ways. Possessed of polished grace, and utterly simple elegance, and displaying a graciousness of manner that is breathtaking in its impact, she has carefully cultivated an individuality which we would do well to emulate. Not for her, the lack of discipline so unfortunately accepted as the norm today. But there's more, much more. We have had the great good fortune today of hearing from a woman who could rest content in being one of the most acclaimed actresses of our time, but, driven by a fierce determination to make a difference, has dedicated herself selflessly to pursuing a punishing schedule in order to help the world's suffering children. Why? Because as she herself puts it: "The suffering of children is unbearable to me," and how vividly she brings before us the plight of the children for whom she works so tirelessly.

Audrey, you have said many times how difficult you find speaking in public, how nervous you feel when about to do so. Yet today, in this highly respected forum, with this long lineage of very distinguished speakers, you have delivered a thrilling and memorable address, one which will long be remembered as one of the highlights of the Empire Club's venerable history. And certainly it will never be denied that you have been the most sparkling presence we have had with us in many a long day.

You leave us this afternoon with a vivid understanding of what the poet meant when he described the glow that remains when the entertainment is finished. Thank you for being with us, for giving some of us the privilege of knowing you a little, for encouraging our understanding of your very important work, and for being the elegant thin girl we so admire.

Annual General Meeting

PRESIDENT'S REPORT

April 20, 1989

Chairman
Tony van Straubenzee, President

Mr. van Straubenzee

Honoured guests, distinguished Past Presidents, members and friends of The Empire Club of Canada: Notice has been made that our Annual Meeting is to be held on this date and I have asked The Club Secretary, Willis Blair, to act as Secretary for the meeting.

In accordance with Article VI, Sub-section 2, The Empire Club's constitution, I am pleased to report on the year's activities and present an interim report on our financial affairs.

The President's Report has been printed and copies have been placed on each table for your review. In the interests of time, only a brief synopsis of this report will be given today.

I am pleased to submit the Annual Report of the President on the 1988-89 operations of The Empire Club of Canada.

As I promised during my opening address, it was my intention to hold to the traditions of this Club and I have done so. I know that there are some of you who probably did not always appreciate the form or time I took in introducing Head Tables, but I think each President has his own style and has to act as naturally as possible.

One of the things that quickly came to my attention was that we needed to organize ourselves better. I asked Canada

Consulting to assist in this endeavour by doing a survey. This was done and I am most grateful to the firm and to Brent Snell and Matthew Holland for their fine efforts. The net result of their work was to come up with four major recommendations:

a) To relieve the President by reorganizing the Executive; and that was done at our last meeting.
b) To form a Committee to improve the marketing and public relations of this Club. Under the chairmanship of Bart Mindszenthy, this is in the works.
c) To have a look at the administrative side of the organization to see how it can best assist the President and other officers; and we have that under the chairmanship of Diana Chant.
d) We were commissioned to see if there was any way we could shorten our meetings.

One more major concern that I had was to get younger people involved and I think I have been successful in doing that, particularly with the Reception Committee. I realize that this was somewhat controversial, but I believe it was successful because we had some 18 young people involved at different times during the course of the year. You have to remember that I was a parachute President which meant that I neither knew the individual Directors well at the beginning of my year, nor did I know of their capabilities. So, of course, I did make some mistakes initially.

I was appalled before I took the job and in the early part at the attendance which, frankly, I found to be embarrassing at times. Thank God we have the television coverage. There were some speakers who were simply marvelous who did not have very large audiences. However, the book will record their fine messages, but the anxiety that it causes the President is most uncomfortable. I learned quickly that some Directors were not the slightest bit committed to this Club and rarely made a contribution.

The membership of the Club should be higher and a way must be found to increase it. We need to include this in the marketing committee's effort.

I will not go into a great deal of detail about speakers, but there were several firsts for the Club. We had the first visit of a President of the United States in Ronald Reagan. I think what was perhaps most exciting was that at the Head Table on that occasion was his first team represented by Secretary of State George Shultz; and Secretary of the Treasury, Jim Baker — who is now the new Presidents' Secretary of State. In addition on that occasion we had the Prime Minister and our own Minister of External Affairs, Joe Clark, as well as our Minister of Finance, Michael Wilson, to whom we owe thanks for this event. Both Ambassador Gotlieb and Ambassador Niles from their respective countries were present.

Not long after this event, which was held during the Economic Summit, we were the host Club for the new "trailblazer" from the East Bloc, the General Secretary of Hungary, Karoly Grosz. This was an amazing meeting and we were very fortunate to have him.

During the Summit, we also had the Minister of International Industry and Trade of Japan, Hajime Tamura.

The Prime Minister joined us twice this year — once just before the election and once during the Summit, and we were very flattered to have him on both occasions.

One of the highlights for me was having Youth Day with four young people who spoke out on issues of concern to them. I believe this was a first for The Empire Club.

Another great experience was to be front stage centre on the day that Max Ward made the announcement that Wardair was being bought out by Pacific Western Airlines. It was an emotional event and a big piece of news and we were in the thick of it.

We also timed Christopher Trump's visit on the day that the Canadian Space Agency was announced to be in Montreal. That was to have some major ramifications for Mr. Trump.

We highlighted education this year with the visits of the President of McGill University, a Superintendent of Education from the Peel Board, the Dean, Faculty of Law, University of

Toronto, a School Trustee, and the Chancellor of Trent University. In addition, Michael Cornelissen chose education as his topic.

We had some very prominent businessmen in Arden Haynes, Roy Meggarry, Max Ward, and John Cleghorn — each of whom came from a company very much in the news this year.

We had two prominent reporters — Peter Mansbridge and Mike Duffy.

Finally, we had a number of Ministers of the Government present, our good friend Barbara McDougall and Perrin Beatty, as well as the Premier of our province.

Next week, we shall have Audrey Hepburn and at this point our financial status should be excellent. In addition, some of us will be involved in a special dinner, raising funds for UNICEF.

Membership

Membership has been maintained this year, with an overall total of 2,619 members compared to 2,693 in 1987-88. Categories of membership are as follows:

	1988-89	**1987-88**
Honorary Life Members	4	4
Life Members	212	215
Spousal	650	618
Regular	1,720	1,829
Student	33	27

Attendance

To date, a total of 35 meetings attracted 9,391 attendees representing a statistical average of 308 attendees per meeting.

Finance

For the last five years, membership fees have remained unchanged, $30 for regular membership, $40 for spousal membership, $15 for students and varying amounts depending on age for life membership. Luncheon prices for members approximate the hotel charge for luncheon. An additional charge of $5 is levied on non-member luncheons.

The financial statements for the year ending April 30, 1989, will be presented to the Board of Directors. The audited financial statements will be published in the 1988-89 yearbook.

Empire Club Foundation

John MacNaughton deserves our gratitude for his efforts as the Foundation's president. The Foundation is responsible not only for the required fund-raising to finance the costs of the Empire Club yearbook but also for the editing and publishing of the book. Members and libraries across Canada and abroad receive copies of the Yearbook free of charge. The yearbooks mirror Canadian history since 1903.

In Memoriam

It is with sadness that I must record the passing of our distinguished past president, Graham M. Gore, 1967-68. His contribution will be missed by all.

Appreciation

Because I was a parachute President, I must tell you that a number of Past Presidents were of particular assistance to me — namely, Major General Bruce Legge, John MacNaughton, Douglas Derry, Harry Seymour and Nona Macdonald. I particularly want to thank Diana Chant and Willis Blair from the Executive and Maureen Sabia, John Bankes, Blake Goldring, Bill Whittaker, John Freyseng, Carlyle Dunbar and Mary Byers who headed up important committees. To the rest of the Directors, I offer my thanks for all that you have done. It is always sad to say goodbye to those directors who are retiring, however every organization must have a constant flow of new blood. It should be the objective of any organization to ensure that its choices of new directors are in the best interest of the

Club and that we choose people that are prepared to devote a considerable amount of time to the Club. Directors who are not prepared to do so should not let there name stand for office.

Anne Lato does a fine job for us and is a treat to work with. Thank you so much for your efforts on our behalf.

I would be remiss not to acknowledge my ghost writer and Executive Assistant — Anna van Straubenzee. She saved my life and my firm by spending hours on the details. My other Assistant, Kathy Stevens, manned my own office and spent hours on correspondence. I am deeply grateful for such competent help.

The time required to do this job properly is really extraordinary. We must help our Presidents in the future. We can no longer run the Empire Club on a "shoe string" if we want it to be top drawer — and that's where it belongs!

Finally, we have been accused of stodginess in the past. I am not unaware of this and I have tried to help take some of the stodginess out of the Club. I think we should learn to have more fun and to get to know each other better because the collective brain power available to us from this group is awesome.

Thank you for giving me this opportunity to be of service. Thank you for putting up with a sometimes impatient and arrogant President, but one that I hope you will appreciate always had the best interests of The Empire Club at heart. I wish my successor, Sarah Band, great success and like my predecessors, I will be here to help her in whatever way I can.

Respectfully submitted,

Tony van Straubenzee
President

Tony van Straubenzee moved acceptance of the annual report, seconded by Carlyle Dunbar, then called upon the Immediate Past President and Chairman of the Nominating Committee, Ronald Goodall, for the report of the committee.

Ronald Goodall:

Mr. President, distinguished guests, members and friends of The Empire Club of Canada: It is my pleasure, as Chairman of the Nominating Committee, to report on the work of that committee which was constituted in accordance with Article III of the Club's Constitution, of these members:

From the Board of Directors:
Sarah Band
Nona Macdonald
Robert C. Watt
J. A. Wm. Whiteacre, M.M., C.D., Q.C.

From the Membership at Large:
Peter Hermant
MGen. Bruce J. Legge, C.M.M., C.M., K.St.J., E.D., C.D., Q.C.
Hartland M. MacDougall
John A. MacNaughton

Our President, Tony van Straubenzee, served on the committee in an ex-officio capacity.

The Nominating Committee is pleased and privileged to report that the Honorary Officers of The Club for the 1989-90 season will be:

Honorary President
Her Excellency the Rt. Hon. Jeanne Sauvé, P.C., C.C., C.M.M., C.D., Governor General of Canada

Honorary Vice-President
The Hon. Lincoln M. Alexander, P.C., Q.C., K.St.J., B.A., Lieutenant-Governor of Ontario

Honorary Chairman
The Rt. Hon. Roland Michener, P.C., C.C., C.M.M., C.D., Q.C.

Honorary Chaplain
The Very Rev. Ernest M. Howse, S.T.M., Ph.D., D.D., Litt.D.

Honorary Secretary
C. Dennis Flynn, Councillor, Metropolitan Toronto Council

Honorary Treasurer
Hartland M. MacDougall, C.M., Chairman of the Board, Royal Trustco Limited

Honorary Solicitor
J. A. Wm. Whiteacre, M.M., C.D., Q.C., Counsel
Stikeman, Graham, Keeley and Morrow

Honorary Assistant Secretary
W. Malcolm McIntyre

Honorary Directors
Setrak Adourian
Leslie C. Parkinson

Archivist
Leland H. Ausman

The Nominating Committee is pleased to report that Mr. Willis L. Blair will continue the position of Secretary and that Mrs. Diana Chant has agreed to continue as the Club's Treasurer.

According to our Constitution: "the Board of Directors shall consist of 40 members, including at least four Past Presidents of The Empire Club, one of whom shall be the Immediate Past President and the three others shall be the three Past Presidents immediately preceding the Immediate Past President."

Therefore, in recognition of this Constitutional requirement, the Committee nominates: the Immediate Past President, Tony van Straubenzee, and Ronald Goodall, Nona Macdonald and Harry Seymour.

Furthermore, the Nominating Committee recommends unanimously that the following members of the Board of Directors continue to serve in the coming year:

Graham D. (Sam) Blyth
Robert L. Brooks
Mary R. Byers

John A. Campion
Clarence B. Crummey, M.D., F.C.F.P.(C)
The Hon. Barnett J. Danson, P.C.
A. Carlyle Dunbar
E. John Freyseng, Q.C.
Blake C. Goldring
Chas. C. (Bud) Hoffman
Frederic L.R. Jackman, Ph.D.
Montague Larkin, C.A.
Marcia McClung
Bart J. Mindszenthy, A.P.R.
Dr. James A. Parish
Maureen Sabia
Angus Scott
Margaret Scrivener
Gordon G. Steele, M.Com.
Larry Stout
Col. Garry S. Thomson, C.D., AdeC
William G. Whittaker, Q.C.

I would like to take this opportunity to pay tribute to those Directors who have served so devotedly on our Board, but who we regret to announce will be retiring as Directors:

James R. Breithaupt
William Davis
John Herrick
The Hon. Daniel Lang
David Lewis
Michael Meighen
Paul Rouleau
Donna Scott
Henry E. Stewart

Each of you has contributed something very special to this prestigious Public Affairs forum. We hope you will continue your bonding to the Club and you know you have a warm welcome at all our events.

Your Nominating Committee is pleased to nominate unanimously the following new members for the Board of Directors:

David A. Edmison
Investment Counsellor; Martin, Lucas & Seagram Ltd.

Hershell Ezrin
Senior Vice-President, Corporate & Public Affairs
The Molson Companies Limited

Katie Hermant
Director, P.C. Canada Fund

Nancy Anne Raeburn Paul
President, Rollins Raeburn Interior Design Incorporated

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Benefit Consultant, GBB Buck Consultants Limited

C. Alexander Squires
Vice-President, RBC Dominion Securities Inc.

L. Douglas Todgham
Head of Development, Art Gallery of Ontario

John H. Tory
Partner, Tory, Tory, Deslauriers & Binnington

In addition to the above-mentioned nominees, your Committee also recommends the election to the Board of the following three persons who will be proposed to the Board of Directors for appointment to the posts of Vice-President:

1st Vice-President
The Rev. Harold F. Roberts, C.D., AdeC

2nd Vice-President
John F. Bankes

3rd Vice-President
Robert C. Watt

Finally, your Committee is pleased to nominate for the Presidency of The Empire Club of Canada for its 1989-90 season, its 86th year, Sarah A. Band.

Sarah Band is a talented and successful entrepreneur, operating her two stores, Sarahband and Bianco by Sarahband which feature an exclusive line of Italian table and giftware. She has an outstanding record of community service as Senior Vice-President of St. John's Ambulance, Ontario Council, a member of the Prime Minister's Outstanding Achievement Award Committee, a member of the Ontario Advisory Council on Womens' Issues and of the Canadian Acquisitions Committee of the Art Gallery of Ontario. Sarah has been active on the Boards of Young People's Theatre, Theatre Beyond Words, The Duke of Edinburgh Awards in Canada, Central Neighbourhood House and the Trillium Foundation.

Ladies and gentlemen, I am honoured to place Sarah Band's name in nomination for the Presidency of the Empire Club for 1989-90. Your Nominating Committee is confident she will provide the able leadership that has been characteristic of the Club since its founding.

Mr. President, this concludes the report of the Nominating Committee.

Ronald Goodall moved acceptance, seconded by Bruce Legge. There being no further nominations, Lee Ausman moved that nominations be closed. Mary Byers seconded the motion.

The President then asked the Secretary, Willis Blair, to cast a single ballot in favour of those persons named in the report of the Nominating Committee, in accordance with Article III-3 of the Constitution of The Club. The President declared the members properly elected as Directors of The Empire Club of Canada for 1989-90, The Club's 86th year. The meeting was adjourned.

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Mr. & Mrs. J.D. McFadyen
Mr. & Mrs. Wm. McGuigan
Mr. & Mrs. Winfield C. McKay
Mr. & Mrs. Ross McKee
Mr. & Mrs. R.J. McVicar
Mr. & Mrs. Henry Meller
Mr. & Mrs. S.J. Mendelson
Mr. & Mrs. D.G.C. Menzel
Mr. & Mrs. Russell Merifield
Mr. & Mrs. R.J. Middleton
Mr. & Mrs. M. Mikola
Mr. & Mrs. Edward R. Mills
Florence Minz
Mr. & Mrs. C. Danny Missios
Mr. & Mrs. H.B. Monteith
Mr. & Mrs. James L. Morris
Mr. & Mrs. Wolfgang Mueller
Mr. & Mrs. A.P. Murphy

Mr. & Mrs. Hameed A. Naqvi
Dr. & Mrs. G.B. Nichols
Mr. & Mrs. K. Nicholson
Mr. & Mrs. H. Nussbaum

Mr. & Mrs. Juan A. Ona
Mr. & Mrs. E.G. Osler

Mr. & Mrs. Dimitrios Papavramidis
Mr. & Mrs. V. Pappalardo

Mr. & Mrs. L.C. Parkinson
Mr. & Mrs. R.J. Paterson
Mr. & Mrs. Vincent P. Paul
Mr. & Mrs. Raymond Pocoski
Mr. & Mrs. Kenneth Peel
Mr. & Mrs. Martin Petlock
Rev. C.R. & Ida Plaskett
Mr. & Mrs. P.H. Pocklington
Mr. & Mrs. Douglas R. Porter
Mr. & Mrs. Poruks
The Hon. Mr. Justice J.H. Potts & Mrs. Potts
Mr. & Mrs. Robert Price

Mr. & Mrs. Berci Raanani
Nancy Anne Raeburn Paul
Mr. & Mrs. Wm. E. Raney
Mr. & Mrs. Forrest Rankine
Mr. & Mrs. Richard John Reeves
Mr. & Mrs. Robert Reford
Mr. & Mrs. J. Reid-Weston
Mr. & Mrs. E.G. Reynolds
Mr. & Mrs. Paul Reynolds
Mr. & Mrs. R.T. Rhodes
Mr. & Mrs. C.E. Ritchie
Rev. & Mrs. H.F. Roberts
Mr. & Mrs. Edward S. Rogers
Mr. & Mrs. Louis Ronson
Mr. & Mrs. William M. Ross
Mr. & Mrs. Lourdes Rouse
Mr. & Mrs. G.H. Rutledge

Mr. & Mrs. T.H. Salisbury
Mr. & Mrs. Paul Samson
John & Joan Sargent
Mr. & Mrs. David Saunders
Mr. & Mrs. Thomas H. Savage
Mr. & Mrs. J-P Scheidegger
Mr. & Mrs. P.H. Scrivener
Mr. & Mrs. Daniel J. Scully
Mr. & Mrs. G.G. Sedgwick
Mr. & Mrs. Ian W. Sellors
Mr. & Mrs. John Seltzer
Mr. & Mrs. L.A. Seyler
Mr. & Mrs. H.T. Seymour
Mr. & Mrs. Jack Shehab
Mr. & Mrs. Edward Shiller
Mr. & Mrs. James Simmons
Mr. & Mrs. William I. Smith
Mr. & Mrs. J. Victor Stokes
Mr. & Mrs. Robt. S. Spencer
Marie Corbett & Alex Squires
Dr. & Mrs. A. Squires
Mr. Justice & Mrs. D.R. Steele
Mr. & Mrs. G.M. Steele
Mr. & Mrs. A.I. Stevens
Dr. & Mrs. D.A. Stewart
Mr. & Mrs. M.J.K. Stewart
Mr. & Mrs. Fred C. Stokes
Mr. & Mrs. Larry Stout
Mr. & Mrs. Walt E. Stracey
Mr. & Mrs. A.K. Stuart
Mr. & Mrs. R.G.P. Styles
Mr. & Mrs. Gordon S. Sutton

Mr. & Mrs. Elmar Tampold
Mr. & Mrs. Wayne Tanenbaum
Mr. & Mrs. J. Edward Tate
Mr. & Mrs. Tom Taylor
Mr. & Mrs. A.R. Taylor
Peter & Jean Teresko
Mr. & Mrs. Nizar Tharani
Mr. & Mrs. Robert J. Thiessen
Mr. & Mrs. Louis R. Thomas
Reno Tibljas & Janet McColl
Mr. & Mrs. C. Turner

Mr. & Mrs. A.A. van Straubenzee
Mr. & Mrs. C. Vanstone
Mr. & Mrs. M. van Straubenzee
Mr. & Mrs. G.P.H. Verkon
John N. Belyea & Amanda Walton
Mr. & Mrs. Ron Walton
Mr. & Mrs. Charles Edward Warner
Mr. & Mrs. Waslyk
Rev. & Mrs. J. Robt Watt
Mr. & Mrs. Peter A. Webb
Mr. & Mrs. Graham Weeks
Dr. & Mrs. Edwin L. Weinstein
Mr. & Mrs. Joseph Wellman
Professor & Mrs. Patrick C.T. White
Mr. & Mrs. Wm. G. Whittaker
Mr. & Mrs. John B. Wilkes
Mr. & Mrs. L.H. Williams
Marie Wilson & R.A. Sanders
Mr. & Mrs. Patrick John Wilson
Mr. & Mrs. R. Wilson
Mr. & Mrs. Herbert L. Wisebrod
Mr. & Mrs. Peter Wolfl
Mr. & Mrs. Ron Woodard
Mr. & Mrs. Woollcombe
Mr. & Mrs. Robert L. Woolner
Mr. & Mrs. G.A. Wright

Mr. & Mrs. Arie Ziering
Mr. & Mrs. Miloslav Zlamal

Student Members

Laurie J.L. Belyea

David K. Chung
William Brian Churchill

Bernice Dasilva
Patrick Dorais

Lisa Famularo
Kevin Forrest
Charles Stephen Foster

Ross Guercio
Christina M. Gural

Marilyn Howard
Ian G. Howey

Laszlo G. Jobbagy

Paul Kerrigan
Sonja N. Koerner
Ellen E. Kolbert

Francois Letheule
V. Russell B. Lovekin

Gregory S. Marshall
Thomas R. McIver
John C. McLaughlin

Daniel Nelson
Peter Nigosian

M. Jean Reilly
David S. Ross

Craig Julien Sangster
Cody Dean Sherman
Perry Skalenda
John W.F. Smith
Christopher Stathousis
Angela van Straubenzee

Antonella Vergati

William Warburton

Catherine Yerex

Andrew Zalvin

Auditor's Report

To the Members of
The Empire Club of Canada

We have examined the balance sheet of The Empire Club of Canada as at April 30, 1989 and the statements of members' equity and revenue and expenditure for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Club as at April 30, 1989 and the results of its activities for the year then ended in accordance with the accounting principles as set out in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

DUNWOODY & COMPANY
Chartered Accountants

Toronto, Ontario
June 29, 1989

Financial Report

THE EMPIRE CLUB OF CANADA

Balance Sheet as at April 30, 1989

Assets	1989	1988
Current		
Cash and short-term deposit receipts	$ 226,003	$ 185,097
Accounts receivable	9,139	8,840
	235,142	193,937
Fixed Assets	1	1
	$ 235,143	$ 193,938

Liabilities		
Current		
Accounts payable	$ 46,260	$ 12,921
Due to The Empire Club Foundation	36,888	33,477
Membership fees and luncheon tickets paid in advance	7,691	7,897
	90,839	54,295

Members' Equity		
Life Membership Reserve, note 2	23,800	23,650
Surplus	120,504	115,993
	144,304	139,643
	$ 235,143	$ 193,938

Significant Accounting Policies, note 1
Commitment, note 3
Incorporation, note 4

Approved on behalf of the Board

JOHN F. BANKES
Director

ROBERT C. WATT
Director

Financial Report

THE EMPIRE CLUB OF CANADA

Statement of Members' Equity for the Year Ended April 30, 1989

	1989	1988
Surplus, Beginning of Year	$ 115,993	$ 85,881
Transfer from (to) life membership reserve	(150)	800
Excess of revenue over expenditure for the year	4,661	29,312
Surplus, End of Year	120,504	115,993
Life Membership Reserve, Beginning of Year	23,650	24,450
Transfer from (to) surplus, note 2	150	(800)
Life Membership Reserve, End of Year	23,800	23,650
	$ 144,304	$ 139,643

Financial Report

THE EMPIRE CLUB OF CANADA

Statement of Revenue and Expenditure
for the Year Ended April 30, 1989

	1989	1988
Revenue		
Membership fees	$ 56,001	$ 57,065
Luncheons – net	36,091	40,051
Interest	20,084	11,688
Others – net	4,476	4,229
	116,652	113,033
Expenditure		
Members' notices	21,644	19,556
Office salaries and employee benefits	25,519	23,898
Yearbook donation and sundry expenses	11,020	11,719
Publicity and promotion	5,947	941
Printing, stationery and postage	8,704	8,680
Rent	9,958	9,474
Meetings	5,469	875
Office and general	21,648	7,316
Telephone	2,082	1,262
	111,991	83,721
Excess of Revenue Over Expenditure for the Year	$ 4,661	$ 29,312

Financial Report

THE EMPIRE CLUB OF CANADA

Notes to Financial Statements for the Year Ended April 30, 1989

1. *Significant Accounting Policies*

   The following is a summary of significant accounting policies of the Club:

   (a) Revenue Recognition

   Membership fees for the Club are recorded on a cash basis except fees relating to the next fiscal year are deferred. All other revenues are recorded on the accrual basis of accounting.

   (b) Inventory

   Inventory is valued at the lower of cost and net realizable value.

   (c) Fixed Assets

   Fixed assets, consisting of office furniture and equipment, are recorded at nominal value and additions are recognized as an office and general expenditure in the year acquired.

   (d) Due to The Empire Club Foundation

   A donation to The Empire Club Foundation for the estimated cost of supplying the Club's membership with the yearbook of the current year is accrued each year. The balance includes the estimated costs of unpublished yearbooks.

2. *Life Membership Reserve*

   Term deposit receipts are segregated as funding for this reserve in order to provide a continuing income to sustain the membership costs of life members. The reserve has been increased by $150 (1988 - decreased by $800) in the current year to allow for increases in the life membership roll.

3. *Commitment*

   The Club occupies office space which it shares with another society under a lease agreement expiring September 30, 1989.

4. *Incorporation*

   The Club was incorporated under Letters Patent in the Province of Ontario on March 26, 1912. The principal function of the Club is to provide a forum for prominent people to address members of the Club and their guests on topics of current interest.

The Empire Club Foundation

CONTRIBUTORS: 1988-1989

PATRONS ($1,000.00 or more)

Bankes, John F.
Bassett, Douglas C.
Billinghurst Arts Foundation
Canadian National
Crown Life Insurance Company
General Mills Canada Inc.
Griffin House Graphics
Griffin, J.W.F.
Lavalin Ltd.
Nova Corporation of Alberta
Olympia & York Developments Limited
Robert Campeau Family Foundation, The
Rogers Telecommunications Limited
Royal Bank of Canada
Ryder, Thomas M.
ScotiaMcLeod Inc.
Shell Canada Limited
UNICEF Canada

ENDOWMENT BENEFACTORS ($500.00 TO $999.99)

Alcan Aluminum Limited
Blyth & Company
Burns Fry Limited
Canada Trust
Cook, John A.
Counsel Corporation
DeLuce, William
Fell, Anthony S.
George Weston Limited
Goldring, C. W.
Goodman & Goodman
Hendrie, Anthony O.
Hermant, Peter
Hermant, Sydney
Imperial Optical Company Ltd.
Jack Cooper Family Foundation
Jackman, Frederic L. R.
John Labatt Limited
Lake Ontario Cement Limited
Marsh & McLennan Limited
National Trust
Oliver, R. D.
Onex Corporation
Peter Paul Charitable Foundation Inc.
Royal Trust
Ryder, Alick
Seagram, Catharine
Searle, Stewart A.
Seymour, Harry T.
Texaco Canada Inc.
The Oshawa Group Limited
The T. Eaton Co. Limited
Trans Canada Pipelines
Van Straubenzee, Michael
Watson, Janet
Watt, Robert C.
Wilder, W. P. Esq.

BENEFACTORS ($300.00 to $499.99)

Algoma Central Railway
Armstrong, Robert L.
Bank of Montreal
Billes, Martha
Canadian Imperial Bank of Commerce
Canadian Pacific Hotels Corporation
Canadian Reinsurance Company
Canadian Tire Corporation Limited
Clarkson, Gordon
Darnell, Sybil M.
Davies, Ann
Deloitte, Haskins & Sells
Four Seasons Hotels Limited
Hilborn, Robert H.
Imperial Oil Limited
Johnson & Higgins Willis Faber
Korthals, Robert
Langley, Arthur J.
MacNaughton, John A.
Maureen Sabia International Limited
Minas Basin Pulp & Power Company Limited
Munk, Peter
Ontario Hydro
Peoples Jewellers Limited
Pringle, Valerie
Redpath Industries Limited
Royal Insurance Canada
Sears Canada Inc.
Societe de'electrolyse et de chimie Alcan Ltee.
Southam Inc.
Spencer, Thomas R.
Sun Life Assurance Company of Canada
Teck Corporation
The A. Sarlos Foundation
The Bank of Nova Scotia
The Right Honourable Roland Michener
The Toronto Dominion Bank
Thorne, Ernst & Whinney
Van Straubenzee, Gwendolyn
Wellington Insurance Company
Xerox Canada Inc.

DONORS ($100.00 TO $299.99)

Bassett, Douglas G.
Bata, Thomas J.
Blundell, W. R. C.
Byers, Mary R.
Canada Packers Inc.
Canada Wire and Cable Limited
Chubb Insurance Company of Canada
Wendy Cecil-Cockwell
Commercial Union Canada
Danson, Hon. Barnett J.
Derry, Douglas L.
F. B. Brooks-Hill
Fraser Kelly Corp. World Group Inc.
Grosart, Mr. & Mrs. John
GSW Building Products Company
Guaranty Trust Company of Canada
Hawke, Howard J.
Healey, Isabel L.
Heaslip, William
Hunter, Peter W.
Huycke, Mr. & Mrs. Arthur
INCO Limited
Irwin, A. B.
John D. Herrick & Associates
Lac Minerals Ltd.
Lang, The Hon. Daniel A. Q.C.

Meighen, Michael
Monarch Construction Limited
Nacan Products Limited
Ogilvie, David A.
O'Hagan, Richard L.
Partington, Eric
PCL Industries Limited
Reeves, Robert
Saunders, Justice, Edwards
Sherlock, Kirsten
Spar Aerospace Limited
The Mercantile and General
Thompson, John M.
Unicorp Canada Corporation
Weddup, B
Whiteacre, J. A. Wm. Q.C.